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ABSTRACT

The Job Opportunities in the Business Sector (JOBS) program has shown since its establishment in 1968 that a program involving hiring first, and then training, can be successful. Many employers with JOBS contracts have instituted effective programs to bring the disadvantaged into the labor force. However, there has been inadequate supervision of participating employers. Not only have some well-intentioned employers displayed a lack of understanding in dealing with the disadvantaged, but other less well-intentioned contracters have used the program to cut costs or solve personnel problems such as labor shortages during a tight labor market. As the economy slows down, many employers may find the program too costly, even with government subsidy. A more detailed analysis will be necessary to fully evaluate the JOBS program. (BH)

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THE JOBS PROGRAM

(Job Opportunities in the Business Sector)

BACKGROUND INFORMATION

PREPARED FOR THE

SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY

OF THE

COMMITTEE ON LABOR AND PUBLIC WELFARE

UNITED STATES SENATE

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FOREWORD

The Subcommittee on Employment, Manpower, and Poverty has been charged with the responsibility for reviewing programs in the field of manpower training, particularly in connection with the proposed Manpower Training Act of 1969.

One of the largest and most significant of these manpower programs, and one on which only very limited information has been available, is the program called job opportunities in the business sector (JOBS).

The JOBS program was established by President Johnson in 1968 by administrative decree, and has since been expanded very rapidly. The present administration announced plans to more than double the size of the program in the current fiscal year.

Nationwide interest has centered in this new program, which involves some 25,000 private businesses, several hundred thousand job trainees, and several hundred million dollars of public funds.

In an effort to provide information to assist in evaluating this program, the submittee staff has conducted a study of the JOBS program, including a mail survey of the largest corporations with JOBS contracts. It is hoped that this study will be useful to the Congress in its oversight responsibilities, and will also be of value to the various governmental agencies, organizations and private business firms which have a great interest in the JOBS program.

The publication seeks to present the latest and best information available from the Department of Labor, the National Alliance of Businessmen, the Manpower Report of the President, and from the participating corporations, in addition to the subcommittee staff's own independent comments on the program.

RALPH W. YARBOROUGH,
Chairman, Labor and Public Welfare Committee.

LETTER OF TRANSMITTAL

Hon. RALPH YARBOROUGH,
Chairman, Committee on Labor and Public Welfare.

DEAR MR. CHAIRMAN: A major review of the various Federal manpower training programs has been undertaken by the Congress as well as the Department of Labor. These programs, initiated under the Manpower Development and Training Act of 1962 and the Economic Opportunity Act of 1964 and its subsequent amendments, have taken on major proportions. As of January 1970 the Labor Department reported more than 426,000 persons enrolled in Federal manpower work and training programs. Federal expenditures for manpower programs have increased from $403 million in 1964 to $2.2 billion in 1969.

Since November 1969 the Senate Subcommittee on Employment, Manpower, and Poverty has been holding public hearings on proposed legislation, developed by the administration, to completely reorganize the various existing manpower programs. Under this proposed legislation, many of the existing national manpower programs would be discontinued in favor of State programs developed by newly established State comprehensive manpower agencies. In order to judge this proposed legislation, it has become necessary to study the relative success or failure of the various manpower programs.

Of all the various manpower programs, none has received a higher commitment of financial resources and hopes for success than the program known as JOBS—job opportunities in the business sector.

Because of the special importance accorded to this program and because it is relatively new, the subcommittee staff has undertaken a preliminary study of the JOBS program to provide relevant facts and figures to subcommittee members prior to public hearings on the program.

It should be emphasized that this study was limited in nature for several reasons. First of all, the subcommittee worked within the limitations of available staff, funds, and time rather than seek authority to hire special consultants. Secondly, a much more comprehensive review of the JOBS program was already underway by the General Accounting Office which, however, is not expected to be available until late in 1970.

A full evaluation of the JOBS program may not be possible until the completion of the GAO audit. Meanwhile, however, it is hoped that the information gathered by the subcommittee staff will be helpful to subcommittee members who must make judgments in the near future as to the role which the JOBS program should play in the "comprehensive manpower policy" which the Manpower Training Act of 1969 (bill S. 2838) proposes to establish.

GAYLORD NELSON,
Chairman, Subcommittee on Employment, Manpower, and Poverty.

U.S. SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., April 28, 1970.

Hon. GAYLORD NELSON,
Chairman, Subcommittee on Employment, Manpower, and Poverty, Labor and Public Welfare Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As ranking minority member of the Subcommittee on Employment, Manpower, and Poverty, I wish to point out that this document was prepared for the majority members of the subcommittee without the participation of or the consultation with the minority members or their staffs. Neither the conclusions nor the factual data upon which they are based were considered by the members of the subcommittee in executive session or otherwise.

In order to provide the members of the subcommittee with additional background, there follows on p. 142 a letter from Assistant Secretary of Labor Arnold R. Weber. After preparation of the foregoing majority report, Secretary Weber was requested to comment upon its conclusions and factual data.

Sincerely,

GEORGE MURPHY.

CONTENTS

	Page
Foreword	III
Letter of transmittal	V
Letter of Senator Murphy	VII
I. Introduction	1
Policy is explained	1
140,000 jobs foreseen	2
Results are considered	3
Interpreting statistics	3
Effects of a cooling economy	4
Conclusions	5
II. The survey of JOBS contractors	15
Concept is sound	16
NAB comments favorable	16
Alabama	17
Arizona	18
California	18
District of Columbia	37
Florida	37
Georgia	42
Hawaii	46
Illinois	46
Indiana	53
Kentucky	54
Louisiana	57
Maryland	58
Massachusetts	58
Michigan	58
Minnesota	64
Missouri	64
New Jersey	65
New York	68
Ohio	79
Oregon	84
Pennsylvania	85
South Carolina	95
Tennessee	96
Texas	97
Virginia	101
Washington	103
Wisconsin	105
III. The JOBS program in operation—Costs and results	107
NAB–JOBS reaches 125 cities	107
Basic rule is "hire first"	109
Contracts are described	109
Wages and services financed	110
Costs are outlined	110
Contract pressure is great	112
Thirty-minute rule	112
Monitoring is restricted	113
Figures are questioned	113
Retention figure explained	115
NAB supplied figures	116
Contract figures questioned	117
Only half of invoices sent	118
Rentention not reliable	119
IV. A look at some specific contracts	123
Program is described	123
How jobs are viewed	124
Auto dealer contract	125
"Creaming" problem analyzed	126
V. Summary	137
Appendix	157
Additional Labor Department Views	161

The JOBS Program

I. INTRODUCTION

How successful has the JOBS program been in fulfilling the high hopes placed in the program by two successive administrations?

What kind of a return is the Nation receiving on the substantial investment it is making in this program? How does that return compare with the results of other manpower programs?

What role should the JOBS program play in any future "comprehensive manpower policy"?

Those were the principal questions which the subcommittee staff had in mind as it began its preliminary study of the JOBS program.

Certainly there was no question that, for several reasons, those most directly involved in administering manpower programs had a special degree of optimism about the JOBS program.

First, this program offered hope of enlisting massive participation by the private sector in the urgent problem of finding jobs for the hard core disadvantaged. It was obvious that unless private business and industry could absorb significant numbers of unemployed persons who lacked job skills, basic education, and good work attitudes, there would be little hope of dealing with the explosive problem of widespread unemployment within the deeply troubled areas of our major cities.

Secondly, the JOBS program offered something few other manpower training programs could offer, in that every trainee entering the program started out with a job. "Under JOBS, the job comes first," commented Richard C. Mottu, Pittsburgh metropolitan director of the National Alliance of Businessmen. "The NAB motto, 'Hire, train, retain,' indicates that trainees must be hired first."

By contrast, Mr. Mottu pointed out, other manpower programs often train persons for jobs which never materialize. "This results in frustration to the trainee who may feel that he has experienced just another false promise and may be inclined to fall back further into the ranks of the chronically unemployed."

Policy Is Explained

These basic features of the JOBS program help explain the great appeal it held for the present administration when a major reorganization of Federal manpower programs was begun early in 1969.

Dr. Sar A. Levitan, director of the Center for Manpower Policy Studies at George Washington University, summed up the new administration's manpower policies in a recent paper:

> President Nixon has consistently supported the idea that the private sector should take a more active role in manpower programs. The ideology of the "new federalism" is that centralized administration should be reduced and the

role of the State and local governments expanded, and that these functions should be transferred as much as possible from the public to the private sector. Translated into more specific terms, the Republican precepts of the present administration favor incentives for the business sector to hire and train the disadvantaged. On-the-job training is preferred over institutional training, private over public employment programs, and "workfare" over welfare.

The most striking changes during the first year of the Nixon administration indicating program emphasis were the drastic curtailment of the Job Corps and the expansion of Job Opportunities in the Business Sector (JOBS).

When the administration announced in the spring of 1969 that it planned to close 59 Job Corps training centers for the disadvantaged, eliminating some 17,500 training opportunities, it emphasized that at the same time it was more than doubling the JOBS program.

140 Thousand Jobs Foreseen

The Secretary of Labor testified before this subcommittee on June 5, 1969, that about $200 million had been appropriated for the JOBS program in fiscal 1969 and that "we have asked Congress for $180 million from Economic Opportunity Act funds for fiscal 1970 which, together with $240 million of MDTA funds, would provide the money necessary to finance 140,000 jobs—75,000 more than in fiscal 1969" (p. 485, Senate hearings on Economic Opportunity Amendments of 1969).

A table submitted by the Labor Department indicated that training opportunities for fiscal 1970 under the JOBS program would total 140,000—80,000 financed under the Manpower Development and Training Act and 60,000 under the Economic Opportunity Act. These figures in the Labor Department table helped to produce a total of 1,022,280 total training opportunities for fiscal 1970 as compared with 909,040 for fiscal 1969.

This announcement found a popular response in the Congress, where considerable concern had been expressed by members of both parties about the possibility of a cutback in training opportunities for the disadvantaged.

Some of the comments made by various Senators on the floor of the Senate on May 13, 1969, as the Senate discussed changes in the manpower programs were as follows:

> We have heard a great deal about the $100 million budget reduction in the Job Corps, but there are substantial increases in youth opportunities in the overall manpower program, of which the Job Corps is only a small part. For example, there is a $200 million increase in the private industry/Government program for hard-core disadvantaged—Job Opportunities in the Business Sector (JOBS)—which increases training slots for out-of-school youth in that program alone from 28,800 in fiscal 1969 to 60,500 in fiscal 1970—an increase, if my mathematics are any good, of about 31,700 (p. S. 5132, Congressional Record).
>
> . . . If we deduct $100 million from the Job Corps, how can we give more special training? The answer is that we add

more than $200 million to the JOBS program. So we are not dealing with the situation of putting the dollar above the man. We are dealing with a new administration which says, "Give us a chance to show that we can do a better job, and train more people to greater effect and at a lower cost ratio for this number." (p. S. 5157, Congressional Record).

While the Job Corps enrollment would be down from 70,000 this year to 47,000 next year, the number of out-of-school youth in the JOBS program, the program conducted with private employers by the National Alliance of Businessmen, will rise from 28,800 to 60,500. This will come about, incidentally, as the administration plans to put JOBS programs in 125 cities rather than the existing 50 cities (p. S. 5162, Congressional Record).

Those comments illustrate the high hopes held for the JOBS program less than 1 year ago. It was clear that many of those responsible for manpower programs believed that the JOBS program offered hopes of a significant breakthrough in job training for the disadvantaged, sufficient to justify a massive commitment of resources even at the expense of cutbacks in other programs.

Results are Considered

What are the results, 1 year later?

The annual manpower report of the President, issued in April 1970, conceded that the JOBS premise "is not yet fully tested." It stated that the program has had startup problems, the most serious of which has been high turnover. The manpower report took brief note of the problems which an economic slowdown could hold for the JOBS program. But it concluded that JOBS on the whole "is meeting its objectives."

"In fact," the manpower report said, "close to 300,000 disadvantaged workers had been taken on by independent company efforts through January 1970 while well over 80,000 had been hired under JOBS contracts with the Department of Labor."

Even more enthusiastic has been the National Alliance of Businessmen, which has issued regular press releases recounting a steady upward spiral in JOBS pledges.

"The Alliance reported a few days ago that its efforts thus far had resulted in the hiring of 360,140 hard-core unemployed, most of them Negroes in the inner cities," the Superior (Wis.) Evening Telegram said in an editorial on March 18.

On February 27, 1970, the Washington Post quoted Donald M. Kendall, president of Pepsi Co., Inc., and former chairman of the NAB, as stating that NAB would "meet its goal of providing 338,000 jobs by June 30." The goal for July 1, 1971, is 614,000 jobs.

Interpreting Statistics

A major difficulty in evaluating this program, which stirs such enthusiasm from both the administration and its directors within the private business community, lies in the problem of interpreting the statistics which are used to illustrate its progress.

The Secretary of Labor's figure of $420 million for JOBS in fiscal 1970 has not been realized. The administration has already revised its

estimated expenditure to $300 million, and it is doubtful that even this much will be used. With the fiscal year less than 3 months from completion, the commitment of funds is well below this level. Since much of the money committed is never actually spent (few firms hire and retain as many trainees as they fund training slots), actual expenditures should be even lower. (See Malcolm Lovell letter, p. 110, and Secretary Shultz letter, p. 114.)

As for the "140,000 jobs—75,000 more than in fiscal 1969" which the Secretary of Labor cited in his testimony of June 5, this goal has not been met. A Labor Department press release dated March 20 (under the headline "Jobs Hires Nearly Triple") reported that "employment under contract programs reached a new high of 37,000, an increase of 23,000 * * * over the January 1969, figure."

The high turnover rate mentioned by the manpower report of the President is a real and serious problem. As of January 31, 1970, 414 MA–3 contracts—the first contract available under the JOBS program—had been signed, and most of them were approaching completion. Some 45,300 persons had been hired by this date, of whom 14,564 remained on the job, for a retention figure of 32.1 percent. Not all of those terminated, of course, are neccssarily out of work. The General Accounting Office, in an analysis of 8,000 termination cards, concluded that 8.9 percent of JOBS trainees leave for good reasons—to take jobs at higher pay, to return to school, or enter the Armed Forces. If this estimate were to hold true throughout the program, the retention rate under the MA–3 contracts might be considered as 41.0 percent.

In reading figures published by the National Alliance of Businessmen it is important to note that they are often a total figure composed of both those trainees hired under Government contract, and persons reported as disadvantaged and hired by firms participating in the JOBS program without Government recompense. As will be shown, the statistics for the voluntary part of the program are subject to serious question, and in general are not verifiable. Thus goals such as 338,000 to be hired by June 30, 1970, or 614,000 to be hired by July 1, 1971, are total hires—neglecting terminations—under both the voluntary and contract portions of the NAB program.

Effects of a Cooling Economy

The most serious question about the future of the JOBS program is this: Is such a program viable in a cooling economy?

The JOBS program was established during a period of extremely low unemployment. It was proposed and established at a time when the most persistent problem of unemployment concerning manpower officials was to be found among the hard core disadvantaged. Thus a massive, well-financed campaign to eradicate this last vestige of persistent unemployment was both appealing and feasible.

But the very features which made the JOBS program such a hopeful weapon—"hire first, train and retain"—as compared with other manpower programs also make it particularly vulnerable to an economic slowdown. Businessmen simply cannot be expected to simultaneously hire the disadvantaged and lay off their regular workers. The letters which follow will show this graphically.

Not only are fewer workers now being hired under the JOBS program, but many of those previously hired are being laid off. Governed

by the rule "last hired, first fired," they are losing jobs which they desperately want and at which they have been successful. Even were the full target of NAB to be reached (338,000 hires by June) neglecting terminations—the impact of the program on the total manpower situation must be considered against the background of the fact that unemployment in the United States as a whole has increased by about 1 million since the program began.

Thus the committee may want to question whether the JOBS program can continue as a mainstay of Federal manpower policy, drawing a commitment of $375 million as proposed for fiscal 1971, at a time when many firms in the private sector are laying off significant numbers of their permanent work force including some JOBS trainees.

In addition to fundamental questions such as these, the subcommittee staff has tried to look into the actual operation of the program as now constituted, in order to determine whether its mode of operation was actually such as to meet the intent of Congress in appropriating funds for its operation. Much of the report is, in fact, devoted to presenting the results of this inquiry.

Conclusions

Any attempt to reach conclusions on the JOBS program at thi stage in its history must recognize that the principal achievement of the program may very well not be subject to precise evaluation.

That accomplishment is the enlistment of 25,000 private firms in the task of finding jobs for the most disadvantaged citizens of this Nation, backed by Federal financing. As the Chicago Regional Manpower Administrator, Lewis Nicolini, stated in an interview with a staff member:

> The best thing about the JOBS program is that it has eliminated all the excuses private industry had for not hiring the disadvantaged. If you send them a disadvantaged applicant, they might say, "He has insufficient education." Well, now JOBS will provide the education. If the employer says, "He can't see well enough," JOBS will provide eyeglasses. If the employer says, "He doesn't have transportation to get to work," JOBS will provide the transportation, at least temporarily.

The committee doubtless will want to hear testimony on this truly significant accomplishment. If the JOBS program has, in fact, produced a basic change in the hiring practices of American enterprise and permanently opened doors to opportunity which have historically been closed to the disadvantaged, it will stand as a major achievement.

Shortcomings in the program, however, appear to be substantial. The report will deal with them at some length. In any list of shortcomings, the following would seem to be especially important:

1. The JOBS program's vulnerability to recession must be kept uppermost in mind in determining its place in the overall package of Federal manpower programs.

2. The basic figures on hires, terminations, and retentions are difficult to verify. The weakness of this basic data, especially in the voluntary portion of the program, makes any solid evaluation of the program—and any comparison with other manpower programs—extremely difficult.

3. It is not easy to establish whether the on-the-job training, basic education, medical services, and other benefits of the program have, in fact, been supplied. In some instances, it is clear that they have not been provided. This also makes it difficult to evaluate the program. For example, if we do not know whether training and remedial services were provided, shall we attribute the results of the program to the providing of these unique services, or merely to the fact that industry was encouraged to provide jobs for the disadvantaged in exchange for a wage subsidy?

4. It is difficult to establish whether beneficiaries of this program were truly hard-core disadvantaged, or whether the most qualified trainees have been "creamed" from the upper layers of the target group—intentionally or inadvertently.

5. Although the subcommittee's study has been too limited to make overly broad generalizations, it is clear that there have been instances where individual firms have taken advantage of JOBS contracts. Although some abuses are inevitable in all large public programs, it appears that the JOBS program has encountered abuses for specific reasons—the extremely brief review given to many proposed contracts, the great desire to produce results in a short time, and the pressure from the private sponsors of the program to avoid serious monitoring of the programs during their operation.

6. The value of the JOBS program for disadvantaged youth is questionable. Employers indicate very limited success in dealing with trainees 21 and under. The suggestion during manpower discussions of early 1969 that the JOBS program could be substantially expanded to make up for cuts in other youth programs may not be borne out in experience.

7. The haste with which contracts are often negotiated and signed, and the lack of follow-up assistance from either the National Alliance of Businessmen or the Department of Labor, has led to frequent misunderstandings of contract obligations, the danger of fraud, and an inability to catch problems before they become serious.

8. The program has generated a large number of firms offering to subcontract for supportive services. Some appear to be fly-by-night outfits, unable to carry out what they promise. They solicit employers to obtain JOBS contracts with the promise that this will lower their wage costs. Such employers often do not understand what they are really getting into. On the other hand, some subcontractors trying to carry out the terms of the contract are pressured by employers to drop supportive services such as job-related basic education, and put the trainees immediately to work on a full-time basis.

9. To the extent that a company's programs are poorly planned, offer such low wages that the poor are actually being exploited, or offer jobs which soon disappear due to seasonal cycles or poor management, trainees may end up back on the streets more bitter than before at the American economic system, and less inclined than ever to believe that either government or business will give them any opportunity in American society as it is now constituted.

[Reprinted from the annual report of the National Alliance of Businessmen, Dec. 31, 1969]

"Hire, Train, Retain"—The Story of the NAB-JOBS Program

The National Alliance of Businessmen has been in business for 18 months.

Those 18 months have sometimes proved shaky, sometimes, very successful, sometimes disappointing, but more often very rewarding.

Hard facts—the numbers that business must use as a yardstick for success or failure—show that the Alliance is winning.

But, hard facts are not what it is all about. The human side cannot be measured in percentage points. And jobs mean people—their involvement in a better and happier way of life.

On January 23, 1968, the President of the United States proposed a major industry—Government cooperative program to find jobs in private business for the Nation's hard-core unemployed.

In his message to Congress he said Government would identify the hard-core unemployed, business would identify the jobs it could find them. The two, he said, would be brought together, with industry training a man or woman for a particular job.

At the same time, the President pointed out that "with the hard-core unemployed there will be extra costs. These men will be less qualified than those the employer would normally hire. So additional training will often be necessary.

"Where the company undertakes to provide these services, it is appropriate that the Government pay the extra costs as part of the national manpower program."

This was to become the Alliance and JOBS, Job Opportunities in the Business Sector.

As Paul W. Kayser, this year's president of the Alliance, put it: "The Federal Government has admitted it cannot do one of the most important jobs to be done in the Nation today.

"In turning the tables on us the Government asked businessmen to help place persons in meaningful jobs.

"By doing this we can make a major inroad on the elimination of poverty. The answer is jobs. And jobs is our business."

Latest reports from participating companies show that 268,920 persons have been hired since the Alliance came into operation. Of those, 126,047 have left for various reasons leaving 142,873 still on the payroll. The Alliance on September 30 had a total of 338,307 basic job pledges from 21,144 participating companies.

While these figures give every cause for optimism, the Alliance staff and a number of participating businessmen also recognize that the past 18 months has been a period of tough adjustments, persuading business to hire the disadvantaged unemployed and learning by trial and error about the pitfalls and problems in training them.

This is understandable. The Alliance has asked businessmen to reverse their usual hiring practices. But, then, JOBS is an unusual program. It goes against the practice of most job training programs by

43-402—70——2

finding the job first, and then training the man. In the history of this country most training programs have been the in-school type—first the man is trained, then he finds a job.

When business was asked to start a crash program to help the poor, the uneducated, the dropout—not necessarily from high school, but from society—often a person with a police record, possibly with a drinking or drug problem, it realized there were no magic keys to unlock the doors to an instant solution.

Businessmen were suddenly asked to start hiring persons they wouldn't have let past the plant gate a few years ago.

Then, and just as important, the hard-core had to be persuaded that the Alliance wasn't just another antipoverty milk sop. As one Negro leader pointed out, there have been numerous programs to help the unemployed. So numerous in fact that many thought the Alliance was just another "trick bag."

One concern that has been voiced is that the Alliance is just training persons for entry-level jobs. This is not so; as many fail to realize, the job-search program is dealing with persons who a few years ago wouldn't have found meaningful employment. Therefore, there must be some relationship between a job and initial skill as we change the criteria of employment from qualification to need.

Once they have their foot in the door it is hoped that with future training and education the door will swing wide open. Many of the former unemployed have already moved to better jobs, either with their original employer or with others.

The Alliance has moved along with remarkable speed and there have been many innovations as it grew stronger and more adaptable.

There is the "Buddy" system. The system's basic concept is to assist new employees in their new work environment through the counseling and guidance of experienced workers.

Almost a big brother, the experienced worker will help the new man with all the problems he encounters—from working problems to personal problems, from transportation problems to financial ones.

Another major tool to break down barriers between employers and the hard-core has been workshops to help supervisors and middle managers understand the problems of adjustment the hard-core face on the job.

There is still a credibility gap between the business community and the disadvantaged community. To help meet this problem a number of metro offices have set up community relations advisory boards. Made up of a cross section of disadvantaged community leaders, they meet with Alliance officials and then report back to their groups. It is hoped that in this way disadvantaged people in greater numbers will believe that the Alliance really is sincere in its desire to provide them with employment opportunities.

Despite the difficulties of a new enterprise, the Alliance exceeded its first-year goal with 102,235 disadvantaged persons working in full-time jobs by May, 1969.

Moreover, the JOBS program was expanded this year from 50 to 131 cities. The Alliance is also concentrating this year on expanding the JOBS program to smaller employers and companies in the service and nonprofit industries.

In the balance the Alliance feels it has taken a substantial forward step. Private industry is deeply involved. Thousands of persons now hold jobs at higher salaries than they have known before and all have the opportunity to advance.

A recent development of major significance was the decision in June to merge the Alliance and Plans for Progress. The purpose was to improve the efficiency of both operations without diluting their main objectives.

For the future, as for the first year, the Alliance's marching orders are: Hire, train, retain.

[Excerpt from Manpower Report of the President, March 1970]

Private Industry's Enlarging Role

THE JOBS PROGRAM

A strengthened JOBS (Job Opportunities in the Business Sector) program, to open more real jobs for the disadvantaged, is a major goal of Federal manpower policy. The JOBS 1970 program, launched by the Department of Labor and the National Alliance of Businessmen (NAB) in November 1969, calls for extending the program nationwide. Basic changes have been made also in program direction, the most important being a new emphasis on upgrading present employees to higher level positions in addition to hiring unskilled, disadvantaged workers for entry jobs.

Approaches and accomplishments

The JOBS program was built on a commitment by the business community in 50 metropolitan areas in 1968 to hire many thousands of greatly disadvantaged people and give them the on-the-job training, counseling, health care, and other services they needed to become productive workers. The NAB—with regional and city offices and personnel contributed largely by private industry—was organized to enlist the support of the private business sector and secure job pledges. The Department of Labor undertook to recruit suitable job applicants, provide technical support, and meet the extra costs involved in employing people with special problems and needs.

Many employers have chosen to participate in the program without Federal financial assistance. In fact, close to 300,000 disadvantaged workers had been taken on by independent company efforts through January 1970 while well over 80,000 had been hired under JOBS contracts with the Department of Labor.

Of the workers hired in the federally financed projects, three out of every four were Negroes and one out of eight was a Spanish American. On the average, these workers had completed 10.3 years of school, had been unemployed 23 weeks during the year before their enrollment in JOBS, and had had an annual income of $2,400. About half of them were under 22 years of age, and only 4 percent were over 45.

This program is built on the premise that immediate placement in jobs at regular wages, followed by training and supportive services, provides superior motivation for disadvantaged individuals. This

premise is supported by initial experience, although it is not yet fully tested. The program has had startup problems. The most serious problem to date is turnover, which has been greater than expected, although it appears to be about on a par with the usual experience in entry-level jobs. Reports on 380,000 disadvantaged persons hired through January 1970 show that 200,000 were still on the job. Undoubtedly, generally favorable economic conditions and brisk labor markets have aided the JOBS–NAB effort.

Besides skill training, the federally supported JOBS program provides remedial education, counseling about personal problems, assistance with health and transportation problems, and child day-care services as needed. Some management personnel have taken "sensitivity" training on how to facilitate the adjustment of these newly hired workers, and in some firms rank-and-file workers have been trained as coaches or counselors and paired with the newcomers in a "buddy" system.

The effectiveness of the JOBS program, not surprisingly, appears to vary widely from one plant to another. Commitment to the program on the part of top management does not necessarily extend to the supervisory personnel who deal with the trainees on a day-to-day basis. Neither the quantity nor the quality of supportive services provided is uniform among participating companies.

But on the whole, the JOBS program is meeting its objectives. It has surpassed the initial hiring goal and is beginning to have a real effect, on the one hand, in altering employers' hiring practices and, on the other, in raising the job aspirations and expectations of the disadvantaged. In addition, it is providing a valuable channel to employment for graduates of other manpower programs especially the Job Corps and the Neighborhood Youth Corps.

The new JOBS 1970 program

The design for a broadened JOBS 1970 program allows the Department of Labor to accept, for the first time, contracts from employers in any part of the country rather than in a limited number of metropolitan areas. The NAB is also extending its efforts geographically.

Another major change is increased emphasis on upgrading workers already employed. This is aimed at a recognized problem—that disadvantaged workers lack the education, skills, and other characteristics traditionally required for upward progress from entry-level jobs.

In JOBS 1970, the Government pays the extra costs involved in special training programs to low-grade workers caught in low-wage dead end jobs. In addition, financial assistance may be given to employers in upgrading a limited number of employees to skilled occupations with labor shortages without regard to these employees' economic job situation.

The new emphasis on upgrading will in no way detract from efforts to hire and train unemployed, disadvantaged workers. To receive financial assistance for upgrade training, an employer must already have placed or have a contract aimed at the placing the disadvantaged in entry-level jobs under the JOBS program.

A technical but nonetheless important change in procedures in JOBS 1970 will enable employers to obtain reimbursement more

quickly for outlays under the program. This change should make the program more attractive to employers and help in its planned expansion.

The Department of Labor and the National Alliance of Businessmen undertook a joint campaign in November 1969 to promote the JOBS 1970 program and inform more employers about it through brochures and visits. More than 500 specially trained State employment service staff members were assigned as contract service representatives to assist interested employers in developing their JOBS 1970 proposals.

Resources for the JOBS program were substantially increased during fiscal 1970 and will be increased further during fiscal 1971, if the Congress approves the President's budget recommendations. These resources would permit achievement of the target set by the Department and the NAB of enrolling 614,000 disadvantaged persons by June 1971—a substantially higher goal than the half million placements envisioned in January 1968. It must be recognized, however, that the level of employer cooperation and hiring in the JOBS program depends on many factors, not the least of which is the country's general economic and employment situation.

[U.S. Department of Labor, Manpower Administration, news release, Mar. 20, 1970]

Manpower Program Enrollments Up 46,000 in Year; Jobs Hires Nearly Triple

The JOBS program had more than two-and-a-half times the number of disadvantaged persons employed in January than a year ago, a U.S. Department of Labor monthly survey indicated today.

Secretary of Labor George P. Shultz announced that enrollments in all manpower work and training programs at the end of January totaled more than 426,600, up 46,000 or 12 percent over January 1969.

The greatest increase was in the JOBS (job opportunities in the business sector) program, which is conducted by business and Government together and hires and trains the hard-core jobless and underemployed. Employment under contract programs reached a new high of 37,000, an increase of 23,000 or 164 percent over the 14,000 January 1969 figure when the program was 8 months old. Noncontract programs under the National Alliance of Businessmen have 162,600 currently employed, for a total of 199,600.

The concentrated employment program (CEP), which concentrates in an economically depressed target area all Federal manpower services through a single local sponsoring agency, showed an increase of almost 4,200 over the previous year for a total of 55,000, a gain of 8 percent.

Operation Mainstream, which trains older workers on public improvement projects, showed an increase of 4,200 for the year, 52 percent over last year's 8,100.

Another major increase is reflected in the WIN (work incentive) program which trains welfare recipients for jobs. The January figure of 77,700 represents a gain of 44,000 over the previous year's 33,800 when the program was less than 4 months old.

The overall rise of 46,000 in work and training program enrollments is significant, Secretary Shultz said, when it is considered that they were accomplished despite decreases from a year ago in classroom training under the Manpower Development and Training Act (MDTA), the out-of-school portion of the Neighborhood Youth Corps program, and the enrollee-capacity-reduced Job Corps which was transferred to Labor from the Office of Economic Opportunity last July 1.

Manpower programs operate in 50 States, Puerto Rico, U.S. Virgin Islands, Guam, and the Trust Territories of the Pacific. A breakdown of the January 1970 figures shows the following participation by program:

Manpower development and training (helps the unemployed gain new skills and underemployed upgrade skills by training either on the job with employers or in classroom courses), 85,332—39,580 on the job, 45,752 in classrooms.

Neighborhood Youth Corps (for in-school and out-of-school youngsters to help them stay in school, return to school, or get work experience), 136,018—103,907 in-school, 32,111 out-of-school.

Operation Mainstream (pays older workers in small towns and rural areas to work on public improvement projects), 12,317.

New careers (opens up public-service-type jobs leading to careers for poor and unemployed), 3,808.

Concentrated employment program (provides one-stop service for all manpower and related program services required by areas and people most in need), 54,926.

Work incentive program (moves people from welfare to jobs through training, supportive services and employment), 77,729.

Job opportunities in the business sector (Government and business work together to hire hard-core unemployed who receive intensive supportive services as they are trained on the job), 36,962.

Job Corps (residential program of human renewal and work readiness), 19,536.

NUMBER OF PERSONS ENROLLED AT END OF MONTH IN SELECTED MANPOWER PROGRAMS, JANUARY 1969 TO JANUARY 1970—U.S. SUMMARY

Month	Total	Manpower Development and Training Act		Neighborhood Youth Corps		Operation Mainstream	New careers	Concentrated employment program	JOBS contracts [1]	Work Incentive program	Job Corps [2]
		Institutional training	On-the-job training	In-school and summer	Out of school						
1969											
January	380,673	54,545	37,076	99,914	45,742	8,101	3,325	50,757	14,015	33,804	32,945
February	409,940	57,623	38,026	101,222	46,507	9,090	3,262	60,477	16,291	42,092	34,951
March	425,614	57,999	35,812	102,041	47,192	9,730	3,405	65,354	18,555	49,968	35,100
April	433,639	56,673	36,907	101,611	47,470	10,152	3,396	70,488	20,436	56,224	29,819
May	421,208	53,489	35,228	95,511	46,198	10,262	3,508	72,922	22,394	60,496	20,587
June	583,383	50,481	36,102	258,775	41,303	10,261	3,434	75,883	26,005	61,847	18,633
July	678,421	45,802	38,325	356,390	37,091	10,856	3,375	76,660	27,897	62,733	18,367
August	657,262	39,287	36,101	343,104	33,369	11,939	3,304	78,923	29,715	63,727	17,358
September	398,782	38,634	35,933	91,603	31,871	12,542	3,488	70,391	31,256	65,031	17,679
October	409,182	38,576	38,356	96,107	31,299	12,772	3,738	68,557	33,675	66,997	18,888
November	416,979	[3] 40,745	38,717	100,674	31,919	12,414	3,679	64,278	35,337	69,578	19,638
December	419,724	[3] 40,218	[3] 39,250	102,621	32,614	11,904	3,754	60,368	36,184	74,225	18,586
1970											
January [3]	426,628	45,752	39,580	103,907	32,111	12,317	3,808	54,926	36,962	77,729	19,536
1968											
January [4]											
Feburary [4]											
March	359,756	58,239	35,788	136,744	63,017	8,540	3,781	19,786			32,609
April	355,269	60,450	38,918	131,858	57,590	9,001	3,788	19,821			32,498
May	333,890	57,425	38,549	118,007	52,269	9,473	3,764	20,102			32,954
June	426,642	57,019	41,615	215,164	45,837	9,819	3,733	18,997			33,013
July	534,603	54,019	40,019	330,858	43,580	10,130	3,492	18,706			32,164
August	512,461	47,284	46,352	312,892	42,057	10,306	3,233	16,359		387	31,637
September	282,177	48,084	44,055	86,150	41,694	9,887	3,094	13,146		2,191	31,788
October	306,081	48,705	43,261	95,515	43,453	9,970	3,175	20,619		6,186	33,084
November	320,787	51,463	42,722	98,775	44,066	9,840	3,217	23,483		13,410	32,911
December	358,397	50,902	40,507	99,910	44,484	9,734	3,306	45,946	12,137	19,035	31,906

[1] Job opportunities in the business sector.
[2] The Job Corps program was transferred from the Office of Economic Opportunity to the Department of Labor effective July 1, 1969.
[3] Preliminary.
[4] Information not available.
Note: Totals for March 1968 through October 1969 include persons enrolled in special impact programs.

[From the Superior (Wis.) Evening Telegram, Mar. 18, 1970]

Significant Gain in War on Poverty

The National Alliance of Businessmen was formed a couple of years ago, with Government blessing and partial assistance, with the goal of encouraging private business and industry to hire and train the Nation's hard-core unemployed who were previously considered unhirable and untrainable.

The alliance reported a few days ago that its efforts thus far had resulted in the hiring of 360,140 hard-core unemployed, most of them Negroes in the inner cities. About 75 percent of them have been trained at the expense of private industry, the rest under contracts from the Department of Labor.

Some of these people were so far out of things that they had to be taught how to use alarm clocks and how to read the destination signs on buses to be able to get to work.

More than 200,000 of those hired during the past 2 years are still working at their first jobs. Many of the others, say alliance officials, have moved on to other jobs and not back to the ranks of the unemployed.

While small compared to the millions of Americans still suffering deprivations of various kinds and degrees, these figures are more than just a minor victory in a minor skirmish in the war on poverty.

It is something of which American businessmen can be proud, and on which they can continue to build.

II. THE SURVEY OF JOBS CONTRACTORS

During the period when the study of the JOBS program by the staff of the Senate Subcommittee on Manpower, Employment, and Poverty was in progress, considerable publicity was given to the fact that the Chrysler Corp. found itself unable to carry out one of its JOBS contracts. Since the future of the crucially important JOBS program in a declining economy was involved in this kind of decision, the subcommittee decided to survey every corporation with a JOBS contract of $500,000 or more. The purpose of this survey was to determine the impact of the current economic situation on the ability of these firms to fulfill their JOBS commitment, and also to afford them an opportunity to share their experience in JOBS.

The letter sent to each corporation was as follows:

U.S. SENATE,
Washington, D.C., March 12, 1970.

DEAR SIR: The Senate Subcommittee on Employment, Manpower, and Poverty is now holding hearings on S. 2838, the administration's proposed Manpower Training Act. One section of this proposed bill provides authorization to continue the JOBS program. Since you are one of the major participants in this program, we would appreciate it if you would furnish us with some comments on how your JOBS contract has worked out in practice.

Specifically we would like to know:

(1) Where you have obtained most of your JOBS trainees;

(2) What kinds of assistance have been furnished to you by the National Alliance of Businessmen;

(3) What kinds of contacts you have had with the Department of Labor;

(4) What your general evaluation of the program is, particularly its strongest and weakest points;

(5) Most importantly, what effect the present downturn in the economy has had on your participation in JOBS, and what likely effect further cooling of the economy would have on your participation.

We sincerely appreciate your sharing with the subcommittee the experience which you have had with the JOBS program. Any additional comments or suggestions which you might care to make would be most welcome.

Because hearings on JOBS will be held in early April, we would appreciate a reply by March 31.

Thank you.

Sincerely yours,

GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty.

A special letter was sent to the Chrysler Corp.; this letter, and the reply, is found first in the replies from the State of Michigan.

While not all those queried had replied by the date that this section of the report was sent to the printer, the majority had. Although some of the letters are perfunctory, an impressive number show a serious effort to think through the lessons that had been learned in a year or two of JOBS experience. We have, therefore, printed each reply in full, State by State.

Reading through these letters, a number of themes come up again and again.

Concept Is Sound

First of all, it is the almost unanimous judgment of those who have participated in the JOBS program that the fundamental concept behind the program—hire first—is a sound one. Where questions are raised about the program, they concern the practical methods of implementation, not the fundamental principle underlying the program.

Second, it is clear beyond any doubt that the JOBS program is severely imperiled by downturns in the economy. Many corporations report that they have already curtailed hiring under their JOBS contracts, or even ceased hiring altogether. Most of the rest indicate that, although they have not cut back as yet, they will have to do so if the economy cools off much further.

It is clear, then, that the JOBS program is founded on the assumption of an expanding, full employment economy. Job openings cannot be filled if they do not exist, much less if other workers are being laid off. The JOBS program does not create jobs; it fills job openings with workers who might otherwise be unacceptable for already existing openings. This is fundamental. To ask the private business sector to use the JOBS program as a solution to unemployment in a declining economy is like asking them to solve a financial crisis by writing more checks.

Other consistencies may be noted in the replies, though not as clearly. The main source of trainees seems to be the local State Employment Service. Some irritation is expressed over competition among agencies to supply prospective trainees. The role of NAB seems largely limited to recruiting employers for the program, aiding them through the redtape involved in preparing proposals and invoices, running interference in Washington, and providing publicity. With the possible exceptions of New York and Chicago, there is little or no mention of serious exchanges of ideas or information on how to actually carry off a JOBS program successfully. Each contractor, as one correspondent puts it, must reinvent the wheel.

NAB Comments Favorable

If the comments on NAB indicate a rather limited sphere of activity, they are almost unanimously favorable. Comments on experiences with the Department of Labor are more mixed. What comes through in these letters is that some Labor Department representatives, at least, are quite rigid on what they will or will not approve in JOBS contracts—if approval is requested.

It is also clear in the letters that those employers who have tried to provide serious, bona fide skill training have generally lost money on the JOBS contract. Thus we seem to have a situation in which the more honest and thorough an employer is in setting up, obtaining clearance for, and operating a JOBS program, the more likely he is to lose money in the process.

A number of other items come up sufficiently often to make them worth noting. Transportation is mentioned as a serious problem in a number of the programs—a problem not really covered by the JOBS contract. Problems with subcontractors are also mentioned fairly frequently. A number of correspondents note that the JOBS program provides too little opportunity for an adequate match between a job opening and the interests and aptitudes of the trainee. Indeed, once a person is listed in one slot, even in a JOBS program with a wide variety of jobs, he is supposed to remain in that slot and not be transferred to another.

Finally, there is, in some of the letters, a sense of needing help and not being able to get it. Once a program is under way the only contact typically had with NAB is a request for statistics on hires and terminations, and with Labor an occasional, perfunctory visit. The individual employer, confronted with unexpected and novel problems, can find himself without any source of consistent and effective help.

The responses to the subcommittee letter follow:

Alabama

GARDNER WHOLESALE, INC.,
Jasper, Ala., March 19, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: This letter is in answer to your letter dated March 12, concerning our JOBS program. Answers to your specific questions are as follows:

(1) All of our trainees are hired through the State of Alabama Employment Office located in Jasper, Ala.

(2) We have had very little correspondence with the National Alliance of Businessmen, however, we are in the process now of furnishing them with certain information concerning past and present employees of ours.

(3) The Department of Labor out of Atlanta, Ga., has made an onsite evaluation and has been most helpful with their recommendations.

(4) It is our opinion that the program is a sound method of attacking unemployment among the disadvantaged workers. The educational portion concerning attitude is of utmost importance. A great number of these people have never known or understood the importance of their state-of-mind concerning their job. It has been our experience, that a large percent of the disadvantaged are capable of performing once they understand what their job is and what is expected of them.

(5) We have only utilized a small portion of our contract at this time and plan on expanding our operation in the near future. It is too early for us to evaluate what the effect of the present downturn in the economy will have on our operations.

We have a contract with Metropolitan Educational Training, Inc., 128 Finley Avenue, W., Birmingham, Ala. 35201. Under the terms of this contract, they handle all of the educational training and assist us in on-the-job training. It is very possible that they have had more contact with the National Alliance of Businessmen and the Department of Labor than we have.

We hope that this answers your questions. However, if there is any additional information you might desire, please do not hesitate to call on us.

Yours very truly,

J. H. BANKHEAD, *President,*

Replies were not received from Portion Redi Food, Birmingham, Ala.; Smiths Pride Foods, Birmingham, Ala.; Walco Industry, Inc., Birmingham, Ala.

Arizona

No reply was received from Creative Localism, Inc., Chandler, Ariz.

California

LOCKHEED-CALIFORNIA CO.,
Burbank, Calif., March 20, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: The following is in answer to your letter of March 12, 1970, requesting comments on how our JOBS contract has worked out in practice. We hope that this information will be of some value in your Subcommittee hearings on Employment, Manpower, and Poverty.

(1) All of our job skills trainees have been certified and referred to us by the Department of Human Resources Development, formerly known as the California State Employment Service. The candidates, for the most part, reside in areas heavily populated by minority group members. This includes such areas as Watts, Compton, Pacoima, San Fernando, East Los Angeles, and Pasadena.

(2) Representatives of the National Alliance of Businessmen have worked closely with our training department in counseling, assisting and coordinating our programs from their inception.

(3) Our contacts regarding contract approvals have been with the U.S. Labor Department in San Francisco. We have also made numerous direct contacts with the Department of Human Resources Development. They have been most cooperative in certifying and referring qualified candidates to fulfill our requirements.

(4) The strongest point in favor of the program at our Burbank facility is the fact that of 143 job skills trainees hired during 1969, 108 are still on our payroll; 88 have completed the 12-week training program and are now engaged in additional on-the-job training in productive occupations; 20 are still involved in the training phase of the

program. This would indicate that up to this point the program is approximately 75 percent successful. It is evident that those persons engaged in our program have benefited greatly by way of improved attitude, morale, and status in their communities. Their outlook on life and sense of values have been greatly improved.

The major problem involving the majority of those in the program has been one of poor attendance. Despite constant counseling and individual attention, it has been most difficult to convince these people that they should be in attendance and on time each day. This attitude has resulted in considerable additional administrative expense to our company. The majority of those persons terminated from the program was the result of attendance when it was evident that further efforts in our attempts to improve their attendance appeared to be futile.

Reports from department supervision regarding the 88 who have been placed for further on-the-job training in productive occupations has been favorable. They are regarded as being as good or better than some of those hired with previous aircraft experience.

(5) On February 2, 1970, we began our training program for job skills trainees at our new Watts-Willowbrook facility. This facility is located in the area of East Los Angeles and Watts. Twentyfour disadvantaged persons were hired to start on February 2, and an additional 23 were hired to start on March 2. At present there are 46 employees engaged in the training phase of the program. The plan is to build this program to a maximum of 300 employees over the next 2 years. There is some danger that this program will be curtailed or stretched out to some extent because of cutbacks in our company and the general economic situation in the Los Angeles area. We do plan, however, to continue this program to the fullest extent possible and to reach our goal of 300 without economic influences.

At our Burbank facility we have now presented a proposed contract labeled Consortium MA5 Training Program to the U.S. Labor Department in San Francisco for approval. This total program was written to employ 232 persons. Lockheed anticipates placing a total of 96, with 136 being absorbed by other companies in this immediate vacinity. The final approval and disposition of this program is pending. Whether or not Lockheed and other companies involved will be in a position to proceed will depend a great deal on further cooling of the economy in this area.

Respectfully,

J. C. PETTEFER,
For N. L. Benjamin,
Director of Industrial Relations.

TECHNICAL MEDIA SYSTEMS,
Hollywood, Calif., March 17, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: In reply to your questionnaire dated March 12, 1970, regarding our participation in the Manpower Training Act, I have

attempted to answer the questions directed to us. The answers to your questions are as follows:

(1) Our job trainees are obtained through the (*a*) Concentrated Employment Program Office at 1626 East 103d Street, Los Angeles, and (*b*) Human Resources and Development Office at 6725 Santa Monica Boulevard, Hollywood.

(2) The National Alliance of Businessmen have been invaluable in their service to us an an advisory body. They have answered questions and given us direction whenever we have sought their aid. They are presently aiding us on our proposal for the Jobs 1970 Program (MA–6).

(3) Our MA–4 contract is the only contact we have had with the Department of Labor.

(4) *Strongest points.*—

(a) Provides a sense of responsibility and duty needed by the underprivileged.

(b) Gives insight into the economic structure of the industrial and manufacturing society.

(c) Provides a sense of security which the majority of these individuals have never experienced.

(d) Provides an education through its training programs.

(e) Provides close group integration and cooperation so essential in democratic living.

Weakest points.—

(a) Possibly a guideline should be devised for aiding companies who initially start in such a program. This guideline would have recommendations regarding procedures, objectives, goals, etc., which would be of invaluable assistance to beginning companies.

(b) Stronger monitoring system—there should be a better method of evaluating these programs. It is quite evident that this is the weakest point of the whole program. By providing a proficient method of monitoring these programs the Government would alleviate much waste in the allocation of moneys spent for the programs.

(5) Because of the downturn of the economic system we have felt drastic repercussions, in the sense that we have had to eliminate the MA–4 program in our Washington office.

If there are any further questions that you would like answered, please do not hesitate in asking. I hope that the aforementioned answers will aid you in your work.

Sincerely yours,

RONALD KIINO, *Director of Training.*

FOOD EMPLOYERS COUNCIL, INC.,
Los Angeles, Calif., March 17, 1970.

Hon. GAYLORD NELSON,
U.S. Senate, Washington, D.C.

SIR: This is in response to your letter of March 12, 1970, in which you request answers to specific questions regarding the Food Employers Council NAB/JOBS experience:

(1) All trainees in our program have been referred to us from the concentrated employment program, the former California State Employment Service, and now the Human Resources Development Agency of the State of California.

(2) The local offices of the National Alliance of Businessmen in both Los Angeles and Orange County have been helpful with both procedural problems and in furnishing technical assistance for contract proposal preparation.

(3) All contact with the Department of Labor has been with the regional office in San Francisco; most contact has been by telephone or letter except for initial contract negotiation sessions which have been interface.

(4) The program is generally a very good one; one of its strongest points being that trainees are placed into a job from day 1, as opposed to older programs where trainees were trained in anticipation of placement at a later date.

Our experience indicates that one of the weakest points in the program is the lack of vocational counseling to prospective trainees. When we recruit from one of the above-mentioned agencies the prospective trainees have not been tested for aptitude in a particular segment of the food industry; consequently, we have hired people who were better suited for other fields.

(5) Since the food industry in southern California is virtually 100-percent union organized, the present downturn in the economy has confronted us with difficulty in placing trainees on the job where senior people are on layoff in those classifications for which we are training. Due to the size of our consortium and the flexibility of our members, this has not been a serious problem to date, but any further cooling of the economy would certainly have a detrimental effect upon our participation.

One of the most serious problems we have in the metropolitan Los Angeles area with regard to prospective trainees is that of transportation. A person is virtually lost here without an automobile, and most candidates for our program either do not own an automobile, are financially unable to obtain one, or due to a previous driving record are not able to obtain a driver's license. We have confronted this problem of transportation several ways:

(1) We have formed car pools.

(2) We had trainees taken to the on-the-job training site by counselors.

(3) We have attempted to arrange a trainee's hours of work to coincide with the limited bus transportation.

(4) We have physically moved trainees and families to the on-the-job training site, where possible; e.g., retail stores found in residential areas.

The above, however, are not all-encompassing solutions to the transportation problem and with the exception of No. 4, are temporary arrangements. There is a dire need, in my opinion, for concentrated effort by the Government to help solve this problem.

Should you have any further questions or need additional information, please feel free to contact me.

Very truly yours,

ROBERT K. FOX. *President.*

DRYWALL CONTRACTORS ASSOCIATION, INC.,
Los Angeles, Calif., March 19, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower and Poverty, U.S. Senate, Washington, D.C.

MY DEAR SENATOR: Your letter dated March 12 concerning hearings on S. 2838, proposed Manpower Training Act, has been received and noted.

We are pleased to answer the questions posed, and we feel these will give you a firsthand picture of our MA–4 project for the drywall industry in southern California.

Question I. Where have you obtained most of your JOBS trainees?

Answer. All of our trainees have been recruited from the following sources:

A. Department of employment: (i) Long Beach, Calif.; (ii) Santa Ana, Calif.; (iii) Montclair, Calif.; (iv) Van Nuys, Calif.; and (v) San Fernando, Calif.
B. CEP centers: (i) East Los Angeles and (ii) Watts.
C. U.S. military bases.
D. Job Corps.

Question II. What kinds of assistance have been furnished to you by the National Alliance of Businessmen?

Answer. The National Alliance of Businessmen did help in giving advice on the MA–4 programs, as to procedures to follow regarding program presentation. Also, they furnished certain JOBS forms for reporting, and placed us in contact with department of employment personnel.

Question III. What kinds of contacts have you had with the Department of Labor?

Answer. Our contacts with the Department of Labor have, to this date, been on an excellent level. The Los Angeles office was most helpful in reviewing our original proposal and forwarding it to San Francisco with a minimum of delay.

The San Francisco office gave us a prompt, fair appraisal of our proposal. They also moved the paperwork to Washington with a minimum of delay, where, after considerable discussion and revision, we were able to arrive at an agreeable contract figure. This figure, however, was our third plan, and not the proposal that we felt would be in the best interest of our phase of the construction industry which, we feel, we know better here in southern California than an individual miles away and in no way connected with this particular industry. On the whole, our relationship with the Department of Labor, in our opinion, is excellent.

Question IV. What is your general evaluation of the program, particularly its strongest and weakest points?

Answer. The strongest point, we feel, is that at long last an understanding has been reached in moving toward giving management some sort of dollar value of relief in training, for, in our opinion, here is where the job really is located.

The weakest point is some of the dollar value guidelines set, which are most unrealistic in the construction industry.

Question V. Most importantly, what effect has the present downturn in the economy had on your participation in JOBS, and what likely effect would further cooling of the economy have on your participation?

Answer. The downturn in economy has yet to have a major impact on our program, but a minor impact, which is growing, is the building industry here in southern California. Continued downswing will, of course, result in less construction, with more journeymen unemployed, and consequently greater difficulty in gaining job slots for training the disadvantaged in our industry.

We have hopes of submitting an MA–5 proposal to continue our project which, to date, in our opinion, has been most successful.

Additional comments.—We note an extreme downswing in the Seattle, Wash., area where the Drywall Association has an MA–5 proposal under consideration at this time. While the Seattle Department of Labor has approved the proposal, the Washington office has once again delayed action due to apparent guideline restrictions which, in our opinion, must be lifted in order that more construction industries might participate.

Respectfully yours,

HOWARD R. LEEDERMAN,
Project Director, MA–4 project.

HOFFMAN BROS. PACKING CO., INC.,
Los Angeles, Calif., March 27, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

SIR: In response to your letter dated March 12, 1970, we make the following reply:

1. Sources of job trainees:
   A. Personal recruiting
   B. Department of Human Resources Development
   C. Federal Placement Offices
   D. W.I.N.
   E. Y.T.E.P.
2. Assistance—N.A.B.:

   Answer. Very little assistance afforded by National Alliance of Businessmen. The only communication is a monthly report sent in to them with respect to hiring and terminations. We sought their assistance in rectifiying a bad subcontractor relationship, to no avail. Also, asked them to interceed with D.O.L., again, nothing. We did receive an invitation and participated in a $30 per person seminar they sponsored re JOBS 70 programs.

3. Contacts D.O.L.:

   Answer. Very poor lines of communication. No local representation in Los Angeles, necessitating all contacts to be made thru San Francisco; much confusion as to interpretation and confliction within department; lack of support and help from agency; very

steadfast in what contract calls for, permitting no deviations. They can readily tell you what is wrong with the program, but offer nothing with respect to what would make it right.

4. General evaluation:

Answer. The basic concept of the program is good. The theory of taking a disadvantaged individual, adjusting his malfunctions, preconditioning him, making him job ready, fortifying him with job related education, on-the-job training, and ultimate continuing employment is worthy of accomplishment.

5. Effect of downturn in economy:

Answer. Up to present moment we have made no reduction in our staff, neither mainstream employees, nor trainees. We have slowed down our input of employees with respect to expanding our labor force. Further, we are transfering persons from one department to another filling spaces left by voluntary quits. In the event of a definite downturn in business, being a union house, the trainees being last ones hired, if in that sequence, would be the first laid off. During the present slow period we have been adjusting training slots, by moving trainees into different departments, replacing persons who have either left voluntarily or been dismissed for company infractions.

The first unfortunate experience we had was the association with a referred subcontractor, Community & Human Resources agency, headed by a Mr. Richard Amador, director. This was supposedly a nonprofit organization, who represented themselves to be specialists in the field of manpower training.

Being novices in the area of working with the so-called hard core group, under a Government sponsored program, we relied on their so-called expertise. A contract was structured and our program started. From all outward appearances we were well on the way. Suddenly, the danger signs started to show—dropouts became the topic of the day—our retention factor was practically nil. From an enrollment of 161 trainees we were left with 39. We became deeply concerned. Calling in our subcontractor, many interesting disclosures were made. Trainees were locked into a classroom environment where remedial work was supposedly given. The agency's only concern was to hold them there as long as possible—the agency being paid on a daily attendance basis.

Unfortunately, the contract was structured in such a way that the only one to benefit by it was the subcontractor. We asked for a complete accounting of expenditures and a reasoning for lack of performance, both of which the subcontractor declined to furnish or was unable to give a satisfactory explanation.

We called in the D.O.L. and informed them of this situation and they stated that their contract was with us and they had no relationship with the subcontractor, although we did have the privilege of terminating him. This was done, and we took over the full operation of the program ourself. The Community & Human Resources agency proceeded to strip our office of all files pertinent to the operation and to this day we are attempting to secure this data. We are involved in litigation in this respect. We asked for help from the D.O.L. and

again, no assistance; being passed from one office to the other including the Secretary of Labor's office in Washington. We definitely felt there was a misuse of Federal funds.

This we are sure of, we restructured the program, eliminating portions of what we felt was fat, and served no useful purpose. We placed trainees immediately into a job training position at union wages, providing the so-called supportive services simultaneously. In doing so, we have had great success, and also the wrath of the D.O.L. regional office. We were visited by teams of fieldmen whose instructions were nothing short of utter chaos. Each one contradicting the other. We were given the full and exalted treatment of so-called noncompliance and nonperformance treatment. We were constantly pushed back into the specifics of the contract and restricted from adjusting to new approaches. Our retention factor, eliminating those trainees that have either gone on to better jobs or been incarcerated, is between 80 and 90 percent.

We asked for and received a cut in appropriated funds to the tune of $78,000. We asked for and received a cut in the number of hours of orientation and basic education, which were structured, only to line the pockets of the subcontractor specialists. We eliminated the so-called remedial education function—reading, writing and arithmetic—as it served no purpose. Any company or service group that structures a program with this component in it, in our opinion is misappropriating funds. How can they, by the farthest stretch of imagination provide this portion effectively? The trainees, to begin with, represent the largest segment of school dropouts. So you immediately place him right back into the same environment he ran away from. You place him in a classroom, which is in proximity to the plant, at a wage of $2.00 per hour.

His primary concern is meaningful employment. Ninety percent of his problems disappear when he has sufficient income. The social problems become minimized by adequate earnings, if he is so inclined to want to help himself. Further, you have a variance of educational background, anywhere from no education, to, in some instances, some college. Where would you begin teaching remedial education? At what level would you begin—in any event you would either be over someone's head or much below. Another shortcoming in this direction is the professional student, who is very happy to continue in the classroom environment, caring little about leaving it. When he supposedly becomes job ready and is exposed to actual work, he then decides this is not for him and goes merrily on his way, seeking another training opportunity, or another form of handout.

The first real shock came after the program commenced operation and the danger signs and the unexpected started happening. Then, and only then, are you aware of the fact that all the latitude and leeway that was inferred, prior to your participation, is just not there.

Basically what is meant is this: A contractor is led to believe that he has a minimal amount of so-called guide lines to follow insofar as trainee eligibility and training are concerned. The human resources development agencies certification of all trainees, is understandable and acceptable; the multitude of eligibility factors imposed by said agency, is not. The referral procedure they use appears to be structured only for statistical purposes. Viz: number of persons referred. The

complete lack of prescreening as to persons fitting into the environment is wholly lacking. Passing a person from one area of frustration into another seems pointless. Once referred, all traces of a followup is lacking. There are no penalties imposed on the trainee for his lack of cooperative participation, other than termination of employment. He can always go back into a welfare position—and the great majority of them do.

The motivational process becomes extremely difficult. No one in industry has a magic wand, which by a mere wave, corrects all of the so-called problems that have been mothered by so many other service-type agencies. We can and do offer jobs. We can and do offer meaningful training. Our entry wage level is $3.31 per hour with approximately 40 percent fringe benefits, a far cry from the so-called substandard wages.

The contractor is immediately placed in the position of constantly defending his every action. He is monitored, checked, inspected, penalized, cut back, and lastly threatened with cancellation of contract. If any deviation is made from the contract—done primarily to try and make it work—the wrath of hell breaks loose around his head. Yet, the other component—the disadvantaged trainee—goes merrily on his way. He has no contractual requirements that he must comply with, nor any penalty for noncompliance. The contractor becomes frustrated and begins to feel like an arch criminal. The easiest thing to do is throw in the sponge, but then you become aware of your moral, as well as legal, obligation, and you proceed.

It is suggested that the following procedure be considered: All welfare recipients and/or disadvantaged individuals be tested with respect to basic educational requirements. So many of these individuals claimed they were deprived of proper educational process to make them competitive with the normal mainstream employee.

Establish a minimum criteria for said students. Tie his welfare allotment into his participation in remedial education, provided in the proper facilities and environment, not in a makeshift classroom setup in a plant. Compel him to maintain a grade average. Make this his job. In other words, compelled education.

When he successfully completed the basic educational requirements, again test him for his adjustability and desirability to the type and kind of training he seeks. Provide him with job-related education and/or vocational-type training. Upon completion of this phase he is then referred to a JOBS contractor, for on-the-job training. The entire cycle tied in with penalty factors to the trainee for nonperformance or participation. Let him carry his part of the load.

Other points are:

(1) The trainee who becomes injured in a job connected function. All payments to contractor are suspended. Payments are based on daily attendance and cease when trainee is receiving workmen's compensation. Just as much time and effort is still going out to the trainee for which no reimbursement is received.

(2) The in-and-out trainee who puts in just enough time to qualify for unemployment compensation. Running up contractors percent ratio.

(3) Afford the contractor sufficient latitude that makes for a successful program. The DOL holding you to exact and specific contractual commitments. If the means justified the end, this should be sufficient.

The foregoing is briefly a summary of some of the shortcomings and experiences we have had.

The success stories are just as numerous, having added, what we consider some valuable employees, to our rolls. To reflect back to their beginning and knowing what they were and where they came from measured against their present status, is very rewarding. The fact that we were permitted to play a part in an area of concern to our Nation today, has been gratifying. We are at presently preparing an application for a JOBS 70 contract.

Any further help or information your committee may require, will be furnished wholeheartedly.

J. J. RUSSO, *Project Director.*
R. LEVINSON, *President*

SAN DIEGO AUTOMOTIVE CONSORTIUM,
San Diego, Calif., March 31, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty,
Senate Office Building, Washington, D.C.

DEAR SENATOR NELSON: I apologize for the delay in replying to your letter of March 12, 1970, and sincerely hope that our reply will reach you in time to be of value in connection with your hearings.

The specific answers refer to the subheads as listed in your letter:

(1) All trainees are certified as eligible for our program by the California State Employment Service. See attached for area promulgation of information.

(2) The program was conceived by the local NAB office, and in the initial stages they were the guiding force.

(3) Contacts have been personal and written. We have had excellent understanding and consideration from all individuals.

(4) The strongest points are the obvious benefit of on-the-job instruction versus classroom instruction and the assistance to trainees by personal counseling which is practically on a 24-hour basis. We do not like to believe we have any weak points, but we would have greater success if we had contemplated in this program at least 4 weeks of prejob skills determination to weed out those individuals who really don't want to become mechanics after they find out more about the work.

(5) There has been a slight slowdown of acceptance of additional trainees, but we believe that if the economy continues to cool that the lessening of the sale of new automobiles will actually result in an increase in the repair of the older automobiles, thereby actually increasing the emphasis on the need for more mechanics.

We are enjoying better than 50 percent retention of our trainees, and those that are completing their 1,800 hours of on-the-job training are being retained and usually are receiving substantial increases in pay now that they are becoming reliable producers.

Very sincerely yours,

R. A. SHERER, *Executive Director.*

AUTO MECHANIC TRAINEES

Are you interested in becoming an auto mechanic?
Would you like to begin drawing a pay check while you are being trained?
Would you like to be trained by an expert mechanic, working alongside him during your training?

If you are interested, contact the State Employment Service, the Youth Opportunity Center or the nearest neighborhood Service Center.

The San Diego Automotive Consortium has been formed by local Automotive Dealers and Independent Garage Owners to train 300 mechanics during the next two years.

The headquarters of the San Diego Automotive Consortium are located at the Skill Center, 835 Twelfth Avenue, San Diego, telephone: 234-3591.

All persons interested in this program must be certified as hard-core unemployed by the State Employment Service.

All persons who are certified as qualified for the program are referred for interview to the various agencies who have agreed to participate in the training program.

If the applicant is accepted by the agency he will be hired by the agency on the beginning date specified, and the next day will report to the Skill Center at 835 Twelfth Avenue for a period of orientation to the world of work. The orientation in NOT a school session, and there will be NO EXAMS.

Upon completion of the orientation the trainee will report back to the agency to begin his on-the-job instruction.

Beginning pay is $1.65 per hour, progressing to not more than $3.50 per hour by the beginning of the 13th month in the program.

Trained counselors are employed by the San Diego Automotive Consortium to work with all trainees from the first day in the program. Your counselor is your friend. Let him help you!!

INTERESTED?????

ENTRENAMIENTO PARA MECANICOS DE AUTOMOVILES

Esta Ud. interesado en la mecánica?
Le gustaría tener sueldo mientras estudia? Le gustaría que un maestro mecánico lo entrene y trabaje con Ud. mientras este en entrenamiento?

Si está interesado, comuníquese con el Servicio de Empleo del Estado, el Youth Opportunity Center, o el Service Center.

Las agencias automovilísticas y los dueños de los garages independientes han formado una organización que se llama el San Diego Automotive Consortium. Esta organización va a entrenar 300 mecánicos durante los próximos dos años.

La oficina central del San Diego Automotive Consortium esta localizada en el Skill Center, 835 12th Ave., San Diego, teléfono, 234-3591. (Allí se habla español).

El Departamento de Empleo del Estado va a revisar las solicitudes y se asegurará acerca de cuales son las personas más necesitadas. Toda persona calificada como elegible para el programa tendra entrevista con las varias agencias que van a participar en el programa de entrenamiento.

Si el aplicante es aceptado por una agencia, esa misma agencia le dará empleo que empezará en una fecha especificada. Al próximo día, irá al Skill Center en 835 12th Ave., por un período de orientación en el mundo del trabajo. Esta orientación no será clase de escuela y no habrá exámenes y no durará más de dos semanas. Al termino de la orientación, el solicitante reportará a su agencia para comenzar las instrucciones en su trabajo.

Para empezar, el sueldo será de $1.65 por hora. Este puede aumentar hasta $3.50 por hora despues de un año y un mes en el programa.

Habra personas allí que los ayudaran a hacer decisiones y resolver sus problemas al ingresar al programa, desde su primer día. Estas personas serán sus confidentes. Permita que lo ayuden.

LE INTERESA???????

MANAGEMENT COUNCIL
FOR BAY AREA EMPLOYMENT OPPORTUNITY,
San Francisco, Calif., March 30, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Thank you very much for permitting our comment concerning the JOBS program.

The attached is respectfully submitted.

Sincerely yours,

ARTHUR L. FINE.

1. *Where we have obtained most of our JOBS trainees.*—Most have been referred to the program by the California State Employment Service and the Concentrated Employment Program, but some have come through community groups in minority communities.

2. *Assistance by the NAB.*—The NAB has provided contacts to candidate participating companies, and has acted as coordinator in eliminating confusion between the Management Council and other organizations in the program such as the Department of Labor, State Employment Service, et cetera. In Washington, the NAB has been able to bring DOL staff into action in removing bottlenecks occurring at the local DOL office. The NAB has also been influential in bringing basic problem areas in the contracting mechanism to the attention of DOL, and to effect changes in the mechanism to provide a more workable program.

3. *Contacts to Department of Labor (DOL).*—We have had a series of discussions and negotiations with contract negotiators at the Region VIII Office in San Francisco. We have been in contact as necessary with the Regional Manpower Administrator and his deputy, and they have been readily accessible to discuss problems of the program as we have encountered them. There have also been discussions at length with several of the Washington DOL staff on difficulties we have met in operating our consortium under DOL contracts.

4. *Evaluation of program.*—In our view, the NAB program is generally successful so far, but it has some major difficulties which, uncorrected, can lead to its failing in the next year or two. Speaking strictly from the view of our consortium operations, its strongest points are:

(1) The trainee has a job from his entry into the program, i.e. he knows his company and receives a paycheck, so he recognizes the program is "for real."

(2) He receives training in a skill that is marketable.

(3) He receives assistance, through counseling and support services, without which he often cannot make the grade.

(4) His supervisor is a part of the program and is involved with its success.

Its weakest points include:

(1) The insistence he must be in on-the-job training—i.e. at the company site—within 3–4 weeks: Many trainees are not ready for the company site, even as "trainees" in this time frame and

many need motivation which cannot be developed in such a short period. When they appear too early, they are a "burden" on their immediate supervisor, who does not know how to use them in an on-the-job situation and who becomes disenchanted quickly as a result. There should be a broader time frame allowed for this readiness period.

(2) The dependence on the Dictionary of Occupational Titles (DOT) for establishing "complexity" of a job: The DOT code, as a guide to determining the allowable length of a training program may be reasonable, but the DOT Code as an inflexible rule for establishing both the length of the program and the amount of dollars permitted for training is a source of many of the breakdowns and frustrations in the program. The DOT Code has many flaws and changing a code is a long and difficult process. The DOL should allow for the use of judgment of its negotiators on the difficulty of specific jobs and the acceptability of proposed programs.

(3) The arbitrary dollar limits established to accomplish the program: Again, with no allowance for judgment on the part of the negotiators on the soundness of the proposed program and its corresponding costs, many companies are discouraged during negotiations and drop their participation completely. If a company proposes what it believes will succeed, and must then reduce costs to what it believes will fail, it generally prefers no program.

(4) The contract and its operating paperwork: These appear to be oriented to protecting the government against cheating, not to making the company program successful. The DOL appears to believe its JOBS contracts are highly desirable and everyone will compete to have one—that facts are that most companies are involved in the NAB to help, and no company spends its time trying to cheat its contract rather than making money in its basic business. The contract proposal should be simple to read, understand and prepare, so that companies will make proposals, and the contract negotiators should recognize that the company is not proposing so as to cheat the government.

(5) Transportation: In many areas the difference between success and failure of a trainee is transportation, because public transportation is inadequate or completely missing. The program badly needs a provision for assistance to the trainees in obtaining minimum level transportation.

5. The turn down in the economy has seriously affected the availability of job openings. Many of our trainees have been put on layoff, since their seniority is generally low. Many companies cannot honor their initial job pledges since they have persons on layoff who must be recalled before they can add new employees. Our training program in the South San Francisco Bay area has dropped from a high of 35–40 people per month to about 10 trainees per month but there are signs it will pick up again within the next few months. However, should the economy take an additional down turn, it is doubtful that we will find sufficient openings to permit the program to proceed.

LUCKY STORES, INC.,
San Leandro, Calif., March 20, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: We are pleased to respond to your letter of March 12, 1970 concerning the participation of this company in the JOBS Program, under the National Alliance of Businessmen and the Department of Labor.

Inasmuch as your letter has specific questions we will restate your question with our answers.

(1) *Where have you obtained most of your JOBS trainees.*—Basically most of our JOBS trainees have been obtained through the State Employment Service, although we have obtained other trainees through cooperation with the Concentrated Employment program, with the various offices of the Opportunities Industrial Commission, and in certain areas with the Urban League. In one area, for example Sacramento, we dealt with the Sacramento Area Economic Opportunity Council.

(2) *What kinds of assistance have been furnished to you by the National Alliance of Businessmen.*—We have been working very closely with the National Alliance of Businessmen from the standpoint of obtaining proposal know-how for the submission of our proposals to the Department of Labor. We have also been given guidance from time to time by the National Alliance of Businessmen with respect to program operation.

(3) *What kinds of contacts you have had with the Department of Labor.*—In all candor our relationship with the Department of Labor has been a pleasant surprise. The manner of invoicing on our contracts, both MA/3 and MA/5, has not been difficult to follow and repayment has also been prompt. We have had audits by both the GAO and the Department of Labor, but we do not see anything unusual about that, the government is certainly entitled to see that, we as a contractor are doing what we said we are going to do under the NAB JOBS program, that being to hire and train disadvantaged individuals to the best of our ability. We have felt that the contractor has had freedom in the day-to-day decisions in promulgating his contractual performance without any sort of "redtape" actions. In fact, we feel that the Department of Labor has shown remarkable restraint in what certainly must be a conscious effort not to burden the contractor in any so-called "redtape."

(4) *What your general evaluation of the program is particularly its strongest and weakest points.*—In response to the question of its strongest points, we are taking the liberty of enclosing NAB JOBS pamphlets from the Metropolitan Oakland area and the Sacramento Metropolitan area. We feel that both of these pamphlets give a good estimate of our opinion of the program.

We have given considerable thought in respect to the weakest points and really some of these points have already been solved. Under the MA/3 funding proposal we were allowed to recruit trainees through various local community action groups individually. Under the MA/5 program we were restricted in a manner

to recruit through the State Employment Service and Concentrated Employment Program, in fact we feel that this type of restriction placed a burden on us, inasmuch as we should be responsive to local groups who are going to hear of the program. We felt that to say to someone who walks in off the street in an effort to obtain training that we can not deal with that individual until he has gone to the State Employment Service for certification is somewhat self-defeating. Many hardcore/disadvantaged individuals have probably already been to the State Employment Service and obtained nothing, and to say to that person to return to SES is not really comprehended by the individual. Any employer who is located within various communities must be responsible in an affirmative way to the people in that community.

We understand that under the project JOBS 70 program that the employer can now go to other sources. However, the point we want to make is that the responsibility to the community must always be recognized.

(5) *What effect the present downturn in the economy has had on your participation in JOBS, and what likely effect further cooling of the economy would have on your participation.*—Our company intends to continue with the JOBS program in selective areas of operation, however, we certainly must recognize the fact that the so called colling of the economy reduces to a degree the turnover of jobs. This is due to the fact that most people do not change a job where they have seniority, to another job where they would not have seniority, as the seniority factor gives the individual a protection against layoff. The effect of this would obviously mean that in future JOBS programs we would be extremely careful as to the number of jobs within our commitment. We feel that the responsibilities of a JOBS program entails the permanence of employment to the trainee who would not have super-seniority and must take his or her place on the seniority roll.

We feel that the above information along with the pamphlets we have enclosed accurately expresses the feeling of this company to the NAB JOBS programs.

Yours sincerely,

WILLIAM C. BOGGS,
Personnel Manager.

PENINSULA MANUFACTURERS ASSOCIATION,
San Mateo, Calif., March 20, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on
Employment, Manpower, and Poverty,
Washington, D.C.

DEAR SENATOR: Thank you for your letter asking Peninsula Manufacturers Association, as a contractor with the Department of Labor under the JOBS program, for our comments on how our JOBS program has, in fact, worked out in practice. I shall reply to your questions one through five in the order that you have presented them.

1. *Where have you attained most of your job trainees?* This Association covers the two counties of San Mateo and Santa Clara. Santa Clara

County was not covered under the MA–3 program as an area wherein National Alliance of Businessmen could work (it now is). Approximately 90 percent of our trainees came from "walk-ins" since our job training center is in East Palo Alto, a heavy minority area. The other 10 percent came from other local agency referrals.

We would hope that the State Employment Service can prove to be a much better source of trainees in the future.

2. *What kind of assistance has been furnished to you by the National Alliance of Businessmen?* As noted above, National Alliance of Businessmen did not function in Santa Clara County prior to this time. We received no assistance from NAB in the San Mateo County area. It was necessary for us (through our sub contractor) to obtain all job pledges through our own means. It is our hope that NAB can do what it was set up to do.

3. *What kinds of contracts have you had with the Department of Labor?* The Department has been involved with us in negotiating, monitoring and follow-up. The people whom I personally have met are sincere and dedicated but, unfortunately, torn by the unrealistic financial guidelines as to the cost of training a given individual and the very obvious social desirability of taking that individual off the unemployment rolls.

4. *What is your general evaluation of the program, particularly its strongest and weakest points?* Certainly the strongest point in its favor is the philosophical sociological concept that people should be trained for a job which does in fact exist. The on-job training concept; the pre-employment orientation—this last is most important for people who have never held a job for any length of time or perhaps never employed at all. The national goal of total employment is a strong point.

Weakest point would appear to be unrealistic guide lines, a lack of firm conviction that a primary purpose is getting and keeping an individual employed. Lack of understanding and true commitment on the part of employers; lack of "good" job potential and advancement.

5. *What effect has the turn down of economy had on the program and what further effect will more cooling have?* We have noted an obvious lack of jobs with consequent number of pledges being unfulfilled by the companies. Economic pessimism on industry's part has been translated into the minority community.

In our application for MA–5 program, it was necessary that we cut back our training staff critically.

* * *

You requested additional comments and suggestions. I wish to submit the following:

1. The pricing philosophy seems to be out of line and unrealistically based on trainees man days on the job. Our subcontractor indicates he has less than 50 percent chance of recouping frontend costs which makes the program an extremely high risk/low gain venture even though our subcontractor added no profit. Business seems yet unwilling to become involved other than the most sophisticated and largest of them. It would appear that provisions should be made that extraordinary economic loss might be covered by government in order to entice more private participation.

2. There appears to be an unwillingness by the architects of the program to take into account past program experience in redesigning new and more applicable sets of guidelines in all areas, particularly in costing. Guidelines for consortiums of smaller firms and unrelated industries are another example of restrictive and often second hand ideas on how programs should be run rather than being based on "first hand" program experience.

3. The program should never be politically oriented and should be less dependent on federal economic policies which can undermine the good, idealistic objectives.

4. The current administration's commitment to the program should ring out loud and clear at the highest levels to avoid existing confusion, contradiction, and policy chaos at the lowest operational levels. The conviction many of us have that these social problems can and must be solved by the private sector who can do so more efficiently, more economically, and more rapidly, does not appear to be shared by government employees.

In a nutshell, it seems to us here that this program is outstanding in concept but bogging down increasingly as it spreads out from Washington into the local areas.

Sincerely yours,

JOHN J. MURRAY, Jr.,
Vice President and Executive Director.

VERNITRON CORP.,
Torrance, Calif., March 30, 1970.

Mr. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, Washington, D.C.

DEAR SIR: In reply to your inquiry on our experience with the JOBS program, we are pleased to furnish you with the following information:

(1) In southern California, our recruitment activities of disadvantaged unemployed applicants have been coordinated by the Community and Human Resources Agency (a local community service organization) and certification has been made through the California State Employment Service, and South Central Los Angeles Concentrated Employment Program. The sources of our JOBS trainees to date have been through the following agencies (listed in order of highest number of trainee referrals hired):

California State Employment Service.
Department of Public Social Services.
Concentrated Employment Program.
Company recruitment.
California Vocational Rehabilitation Center.

(2) Vernitron's MA–3 contract with the Department of Labor stipulated that recruitment assistance would be provided by the local California State Employment Service Office. This contract was interpreted by the State employment service office to mean that all State assistance would be provided by the Concentrated Employment Program, rather than CSES. The Torrance Employment Office indicated a willingness to assist Vernitron in

referring trainees initially. Later the Torrance office indicated that their instructions were to refer all job openings to the CEP office. The jurisdictional dispute that evolved created severe recruiting problems in the early days of our contract when trainees were badly needed. Most of our former trainees lived in our general community and an ample supply of potential hires seemed to exist. The CEP office is located some distance from our plant and referrals from their area presented greater problems than those of the local disadvantaged individuals. Examples of such problems were commuting time, child care, public transportation available, etc. Of the original 13 trainees hired through the CEP office none remain with us today. The National Alliance of Businessmen understood the problems confronting Vernitron by this interpretation; however, with a singular exception, the NAB office was unable to correct the situation in a timely manner. When the problem was resolved approximately a year later, our firm's needs were minimal to what they were.

(3) Our contacts with the Department of Labor have been satisfactory through the periodic visitations to our facility for program evaluation.

(4) Our general evaluation of the stronger points of the program lie in the overall benefit to disadvantaged persons in being able to obtain jobs and fulfill their place in the labor market both socially and economically. In addition to comments in section two above, other weak points include the lack of orientation of the trainees by the various governmental agencies involved in referrals and an apparent numbers game approach to the program which was devoid of the human considerations necessary in preparing and referring trainees to Vernitron.

(5) The present downturn in the economy has virtually negated our participation in the program at this point, and further recession would virtually eliminate our ability to participate at all.

In summary, the major obstacle to making the total program more effective locally, that is, the interaction of local State agencies was unique to southern California and did not present any problem for the other facilities of Vernitron outside of California. It is our opinion that the JOBS program is very worthwhile and should result in lesser training costs to the government and the taxpayers. We highly recommend a reevaluation of the recruiting procedures to minimize problems of administration to the private sector.

If we may be of any further service to you in supplying information for your hearing, please make your requests known.

Sincerely,

PAUL E. MCKEE,
Personnel Manager.

Replies were not received from McDonnel Douglas, Huntington Beach, Calif.; Southern California Association of Cabinet Manufacturers, Los Angeles, Calif.; Better Jobs Through Training, San Diego, Calif.; and National Home Furnishings Educational Foundation, San Francisco, Calif.

District of Columbia

Replies were not received from Diversified Furniture Corp., Washington, D.C., and Greater Washington Food, Washington, D.C.

Florida

HENDERSON'S PORTION PAK,
BORDEN, INC.,
March 30, 1970.

Hon. GAYLORD NELSON,
Chairman, Subcommittee on Employment, Manpower, and Poverty,
U.S. Senate, Washington, D.C.

DEAR SIR: In reply to your letter of March 12 regarding the employment, manpower, and poverty program that we are currently participating in, I have listed below the answers to your questions 1 through 5:

(1) Almost 100 percent of our trainees have been obtained through the various offices of the Florida State Employment Service.

(2) Our local National Alliance of Businessmen office has been most helpful. They provide us with information and technical assistance necessary for us to carry out the reporting procedure required in the JOBS program, to invoice each month, and also handle certification and publicity concerning the program.

(3) We have contact with the Department of Labor each month during the normal invoicing procedure. Also a representative of the Department visits us frequently to see how the program is progressing and to offer their assistance.

(4) The program encourages an industry, such as ours, to participate in the social and economic development of the community. From a business standpoint it also provides the basic source of manpower which when sufficiently trained, can be utilized to fill more responsible positions. The weak points, from our standpoint, would be the extra cost of training employees under the program in that a more than average amount of training time is necessary.

(5) The downturn in the economy through the present time has not had any effect on our business to our knowledge. Should a continued downturn in the economy adversely affect the business, however, it would most likely result in a reduction of our manpower needs. The participation in the program overall would not be affected.

Our experience on the whole has been very satisfactory in that we feel the program has had mutual benefits.

Very truly yours,

JOEL FARBISH,
Assistant Controller.

GREATER MIAMI CHAMBER OF COMMERCE,
Miami, Fla., March 27, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, Select Committee on Small Business, Washington, D.C.

DEAR SENATOR NELSON: Thank you for the opportunity to pass along to your subcommittee the results of our experience with an MA–4 Contract with the Department of Labor for the hiring and training of the disadvantaged.

Perhaps a general outline of the program for Greater Miami will be helpful in putting our specific replies in the proper context.

Our MA–4 Contract was signed with the Department of Labor on March 26, 1969, on behalf of a "consortium" of 18 Dade County employers who had committed 361 jobs to the training program. A subcontract for training and counseling was signed with Philco-Ford Educational and Technical Services on April 11, 1969. The contract was later modified to increase the number of participating employers from 18 to 34, at the same time reducing the number of job commitments from 361 to 335. This allowed several employers to reappraise their job needs on a more realistic basis. Job losses were offset by new jobs brought into the program by additional employers. The modification was accomplished in November 1969.

Now to answer your specific questions:

(1) Aside from some initial input from the Florida State Employment Service, and from the Concentrated Employment Program of Model Cities (to whom we were bound by contract to give a 48-hour priority in filling jobs), most of the recruiting was done by Philco-Ford and our Manpower Director. The initial training class was the largest and most successful group of recruits. In all, 260 applicants were interviewed, of which 154 were certified for the program. 80 disadvantaged persons were accepted by employers, of which approximately 60 are still on the job. More women were placed on jobs than men, which seems to be the case with other MA–4 programs.

(2) Our association with the National Alliance of Businessmen was practically synonymous, since jobs committed by employers to the consortium were part of their commitments to the NAB JOBS program. We attempted to use the MA–4 program of DOL to assist employers in fulfilling their commitments to NAB and to help them with the extraordinary costs of hiring and retaining disadvantaged persons. The Miami Metro office of NAB is located in the chamber offices, and the undersigned served as metro director of the NAB JOBS drive. This association continues for the 1970–71 NAB program.

(3) Our contacts with the Department of Labor were about what we expected. It took from December of 1968 until the end of March 1969, to put the consortium together, negotiate the contract with DOL and the subcontract with Philco-Ford. Trying to hold the consortium together during negotiations was a major effort. On the eve of signing the contract with DOL, two employers withdrew more than 100 jobs from the program. This was later partly overcome by the modification referred to above.

On January 14, 1970, the regional manpower administrator at Atlanta was notified that our subcontractor, Philco-Ford Educational

and Technical Services, wished to discontinue the program because of the problem of recruiting trainees. This followed numerous discussions between all parties concerned about the lack of male recruits for the program. This situation, and the reasons for it, are outlined in a later paragraph. As of this date, the training program has been greatly reduced, and we are still awaiting word from the Department of Labor as to a final settlement of the contract.

(4) The basic premise of the MA–4 program (and its successor, the MA–5 program) is a valid one: assisting willing employers with the extraordinary costs of hiring and retaining disadvantaged persons who would not normally be considered candidates for employment. In actual practice, it is not by any means easy to carry out. Since there are hang-ups on both sides, the training staff and the chamber's manpower director spent considerable time ironing out difficulties almost on a one-to-one basis. Perhaps the weakest point of the MA–4 program was the slow reimbursement by DOL of training and reimbursement costs. Because of the timelag, a program of any dimensions requires a large investment from the private sector before there is any visible return to cover employment, training, and administrative costs. This encourages minimum training programs for lower level jobs. We understand this has been corrected in the JOBS 1970 program.

(5) The present downturn in the economy will undoubtedly have its effect on the employment picture in Dade County. Our situation is somewhat out of the overall condition in that our MA–4 program has, for all practical purposes, come to an end. The remaining unfilled jobs are still available through the NAB Jobs Control Center, which works closely with the Florida State Employment Service.

This is part of a larger picture, too, in that almost half of the jobs committed in the 1969–70 JOBS drive of the NAB have not been filled. This has been ascribed to an unemployment rate in Dade County of less than 2 percent prevailing until the present cooling of the economy. Other contributing factors were low wage rates of some of the jobs; transportation problems in getting to and from the job; and an inability to find disadvantaged males to fill available jobs.

A further cooling of the economy may make some of these jobs more attractive, while at the same time some of them may disappear through employment cutbacks and retrenchment. The 1970–71 JOBS drive of the National Alliance of Businessmen is already under way in Greater Miami, and will concentrate this year on summer jobs for in-school youth. Jobs for the hard-core disadvantaged will continue as a corollary effort, responding to employer and employee needs as the economic situation requires.

We have attempted to give as complete a picture of our experience as possible without going into too much detail. However, if further information would be helpful, we will be glad to supply it. We hope this recounting will be of some value to your subcommittee hearings. Attached is a copy of our announcement to the local press about the reduction in the MA–4 training program.

Sincerely yours,

LESTER FREEMAN, *Executive Director.*

43–402—70——4

[Greater Miami Chamber of Commerce news release]

Chamber Reduces Training Program

A reduction in its job training program under an MA–4 contract with the Department of Labor was announced today by the Greater Miami Chamber of Commerce. An inability to find recruits was cited as the reason.

Announcement was made at a board of governors meeting by Charles L. Clements, Jr., chairman of the chamber's Community Affairs Action Committee, which organized the MA–4 manpower program in cooperation with Dade County employers and the National Alliance of Businessmen. The program was designed to hire and train disadvantaged persons to fill jobs made available by the employers.

"We are having to face up to the fact that we have run out of recruits," said Clements. "In spite of an all-out effort, we are simply not finding people to fill the available jobs, especially jobs for men. We did better in placing women on the job, which seems to be true of other MA–4 programs. It would help if we could convert some of our jobs for men to jobs for women. Unfortunately, this has not worked out."

A "consortium" of employers was formed in March 1969 as a means of helping with the extraordianry costs of hiring the unemployed and the underemployed. Under the DOL contract, employers are reimbursed for training costs, including those portions of on-the-job training considered unproductive.

"This reduction in training activity in no way implies a lessening of job opportunities in Dade County," Clements continued, "since unfilled jobs are assumed as job pledges by the National Alliance of Businessmen. Every effort will be made to fill them."

Initially, 18 Dade employers signed up for the program, offering a total of 361 job openings. Philco-Ford Educational and Technical Services was hired to do preemployment and motivational training. This program is now proceeding on a minimum basis.

In administering the contract, it was found that some employers had overestimated their needs. At the same time, additional employers expressed interest in it. A modification of the contract in November 1969 increased employer participation from 18 to 34 and reduced available jobs to a more realistic 335.

"We welcomed this additional participation in the program," said Clements. "It was our hope from the beginning to serve the needs of the small employer. The reduction in jobs also recognized that in some cases lack of public transportation was a problem; employees couldn't get to the job site.

"Recruiting, however, was our No. 1 problem from the first," Clements continued. "We had to devote more time to it than anyone had expected. In addition to some recruiting by public agencies, a large number of the 80 placements were recruited directly. Most of these are still on the job, which shows a good retention rate. Our most successful placements were with banking institutions. Twenty women were placed in these jobs and are still there."

Clements reported that the Department of Labor was regularly informed of the progress of the program, and had been made aware

of the increasing difficulty in recruiting. According to the terms of the contract, March 25, 1970, is the latest date for feeding new trainees into the program. It is likely that Department of Labor directives will be forthcoming after that.

"We frankly don't know all the answers in this situation," said Clements. "Possibly our unemployment rate in Dade County is not as high as we thought. Perhaps what is really needed is an upgrading of job skills to help disadvantaged persons qualify for better jobs. This is the task that OIC has taken on, and we hope they're going to be successful at it."

Clements was referring to the Opportunities Industrialization Center, modeled on the Rev. Leon Sullivan's Philadelphia project, which was sponsored in Miami by the United Black Federation, the Greater Miami Coalition, and the Greater Miami Chamber of Commerce. The Miami center presently has training programs underway aimed at improving job skills of the underemployed.

Mr. Clements also announced the pending appointment of Mr. Charles B. Potter, Vice President of Burdine's, as this year's metro chairman of the National Alliance of Businessmen, succeeding Robert H. Fite, chairman of the board of Florida Power & Light. Mr. Potter will attend the NAB director's meeting in Washington this week, and will confer with President Nixon, Vice President Agnew, Cabinet members, and several State Governors in a planning session for the year's activities.

It is expected that the NAB program this year will concentrate on summer jobs for youth, along with a continuing effort toward employment of the disadvantaged and the underemployed. The Department of Labor is assisting with the latter employment phase with its MA–5 program, of which eight individual contracts are already in force in Dade County, covering 225 jobs.

SINGLETON PACKING CORP.,
Tampa, Fla., March 24, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

SIR: We are most happy to comment on your questions as outlined in your letter of March 12.

(1) Our job trainees have been obtained by word of mouth, newspaper, and the Florida State Employment.

(2) We have had very little contact with the National Alliance of Businessmen.

(3) We have had two monitors of the system and telephone conversations with the Department of Labor on any problem that arose which were handled at the time.

(4) We feel the program definitely has good merits both for the individual as well as the local community and country. We are definitely upgrading individuals who thought they were not capable of earning a living and now find they are self-supporting and have a place in the community. The effect can be very far reaching.

The strongest point is that we are able to get people into the program that we were unable to get to work before.

We have not been in the program long enough to judge any particular weak points and would prefer to participate longer before making a statement on this.

(5) We are in the food processing business and since people have to eat the downturn in the economy has not had this much of an effect on our business.

We hope that this information will be of help to your and your committee. If we can be of further assistance please advise.

Very truly yours,

JOHN E. DUGGAN,
Vice President.

The letter sent to Globe Bag Corp., of Miami, Fla., was returned by the post office as undeliverable. The firm has undergone a change of name and further correspondence has been initiated.

Georgia

MEAD PACKAGING,
Atlanta, Ga., March 27, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: We are happy to reply to your letter of March 12 by including complete information in answer to the questions raised by you.

I hope that the information is of value to you and answers the specific points you brought up.

Sincerely,

ROBERT M. O'HARA, *President.*

1. Where have we obtained most of our JOBS trainees? The greatest single source has been the Georgia State Employment Service neighborhood service centers. The remainder are referred by the Urban League, Atlanta Community Action Committee, present employees, former trainees, and walkins.

2. What kinds of assistance have been furnished us by the National Alliance of Businessmen? The National Alliance of Businessmen offered encouragement and promised assistance, but to date little assistance has been received, primarily due to the understaffing of NAB in Atlanta.

3. What kinds of contacts have we had with the Department of Labor? The Department of Labor offered advice and interpretation in contract preparation. During the first year of the contract, we have had two onsite visits. We have initiated numerous telephone calls requesting interpretation of contract guidelines. We have been very pleased with the role played by the Department of Labor in the preparation and implementation of our JOBS training contract.

4. What is our general evaluation of the program, particularly its strongest and weakest points? We feel that the JOBS training program has tremendous potential for helping solve the problems of effectively utilizing a previously unusable labor source. We also believe that a vehicle of this type is the surest means of ameliorating the problems of poverty among the disadvantaged.

Based on our experiences, we feel the JOBS program strengths and weaknesses are as follows:

Strengths

(1) It provides the economic assistance necessary for meeting the excessive costs of developing the disadvantaged individual into a productive citizen.

(2) It provides an opportunity for an organization to develop, internally, the techniques, knowledge, and expertise required to deal effectively with the previously insurmountable barriers to the successful employment of the disadvantaged.

(3) It helps focus public attention on the plight of the disadvantaged.

Weaknesses

(1) The National Alliance of Businessmen and the Department of Labor personnel who help prepare contracts do not adequately understand the problems organizations will encounter in employing the disadvantaged. Consequently, the contract, as written, may tend to limit the organization's flexibility to handle serious, but unanticipated, problems. For example, the contract does not allow the flexibility to train people for jobs which represent more opportunity but were not initially included in the contract; nor does the program allow for the cooling of the economy and the effect this has on the placement of trainees.

(2) There is little encouragement of a sharing of experiences from contractor to contractor. Each contractor is faced with reinventing the wheel.

(3) The limiting of contracted services to only the economically disadvantaged immediately creates a dual set of standards. This fact makes the task of gaining acceptance of the trainee by existing employees much more difficult.

(4) Due to the nature of the payback system, the company finds itself in a position of compromising its desire to effectively train those for whom the program is designed, as opposed to those who would assure the company the highest rate of retention.

(5) *How has the present downturn in the economy affected our participation in JOBS, and what likely effect will further cooling of the economy have on our participation?* The present downturn in the economy has affected our organization mildly. Our operation is one of seasonal fluctuations, with our peak coming in spring and summer and tapering off in the fall and winter. A further cooling in the economy could present serious problems for us in placing employees for permanent assignment after they have been trained.

BIBB MANUFACTURING CO.,
Macon, Ga., March 25, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: This is in reply to your letter of March 12, 1970, requesting information concerning our involvement in the "JOBS 70 Program".

(1) All of our JOBS trainees were certified by the State Employment Service and most of them were referred to Bibb Manufacturing Company by the State Employment Service. A few applied for work directly to Bibb Manufacturing Company before being certified. If we considered them eligible for the MA-5 Program we sent them to the State Employment Service for certification.

(2) The National Alliance of Businessmen has furnished the following kinds of assistance:

(a) Assistance in the preparation of the contract proposal.

(*b*) Assistance in obtaining pertinent manuals, report forms and other information.

(*c*) Assistance in answering questions and in obtaining answers to other questions on the JOBS program from the Department of Labor.

(*d*) Informal visits to Bibb Manufacturing Company to ascertain the number of persons hired, trained and retained under the JOBS contract and to assist as needed. The National Alliance of Businessmen has assisted generously whenever assistance was needed.

(3) Contacts with the Department of Labor have included the following;

(*a*) Numerous discussions by telephone with assistants of the Regional Manpower Administrator during preparation of the contract proposal. These telephone calls were made to obtain clarification of written guidance on the JOBS program and to obtain the benefits of their experience in reviewing other similar contracts. These contacts were most helpful.

(*b*) Visits with representatives of the State Employment Service to coordinate procedures for obtaining employees under the JOBS program.

(4) We consider the overall program to be excellent.

(*a*) Its strongest point is that it provides for orientation, counselling and other incentives which motivate the majority of disadvantaged trainees, thereby making them productive members of society.

(*b*) On the other hand, its weakest point appears to be the ease with which JOBS trainees can quit work and soon thereafter begin drawing compensation from the Government. It appears that fewer JOBS trainees would quit work if they were required to wait for a longer period of time after quitting before receiving any compensation from the Government. In other words, legislation should make it ex tremely difficult for an individual who is capable of working not to do so, provided suitable work is available.

(5) Downturn in the economy has had an adverse effect on our participation in the JOBS Program.

(*a*) The downturn in the economy, combined with other factors internally, has reduced our estimated requirement for JOBS trainees. For example, we had hired only 121 JOBS trainees through March 16, 1970 compared to our estimated requirement for almost 400 by that date. We anticipate that

we will hire the total number of JOBS employees (400) indicated in the contract before the contract expires on May 18, 1971. However, we will hire some of them too late to enable us to be fully reimbursed in accordance with the contract.

(*b*) Further cooling of the economy would further reduce our requirements for JOBS trainees. If further cooling of the economy is severe and happens in the near future, it is quite likely that we will need to hire only 200–300 JOBS trainees before May 18, 1971, rather than 400.

We are happy to cooperate with you in any way we can on your Sub-committee endeavors. If we can be of further assistance in the future, please do not hesitate to call on us.

Sincerely,

MAXWELL O. THOMPSON,
Director of Industrial Relations.

FULTON COTTON MILLS,
Atlanta, Ga., March 19, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, Senate Office Building, Washington, D.C.

DEAR SENATOR NELSON: We are most pleased that you have given us an opportunity to answer some specific questions concerning the JOBS program. Here are the answers to the five questions asked in your letter of March 12:

(1) The majority of our trainees are obtained through the Atlanta Concentrated Employment Program; some are referred to us by the State Employment Service.

(2) The NAB contacted us originally some three years ago and explained the program which was in effect at that time. Subsequently, conferences with NAB officials brought us to the point of applying for a contract to operate a training program at Fulton Cotton Mills. The NAB has continued to counsel our people who are responsible for the program.

(3) The Department of Labor assisted us in the preparation of our original contract. The officers of the Regional Office have been readily available to answer any questions we had concerning the rules and regulations of the program. They have been prompt in approving our invoices for payment. In all, we have been most pleased with the attitude and helpfulness of these people in the Department of Labor who have the administrative responsibilities for the program.

(4) Here are the program's strong points:

A. We are getting employees from one of the ghetto areas of Atlanta, which is adjacent to our mills and finishing plant.

B. We are reaching people who would not normally contact us for employment.

C. Favorable national and local publicity has been helpful in stimulating prospective employees to seek jobs under the program.

D. While the monetary assistance through JOBS has helped to offset some the cost of training the so-called "hard-core," it does not cover the entire cost to our company.

There is one major weakness in the program (which could be partially blamed on the contractor) and that is the problem of keeping many of the trainees on the job insofar as punctuality and regular attendance are concerned.

(5) Insofar as our operation is concerned, and this is primarily due to the type of business in which we are engaged, we still have a need for the training program. This is primarily due to the high turnover of our new employees, which could be partially the result of our level of compensation and our type of manufacturing operation. If unemployment continues to increase, we would still have a decided need for training employees, although under these circumstances we would be in a more selective position in respect to who we may or may not employ.

In closing, we would like to make this observation that in our experience the JOBS program is the most practical one we have ever undertaken with the Federal Government. The effort on the part of the Government to keep the program simple and operative—in our opinion—has been most successful.

If we can provide you, or your committee, any further information, we would deem it a privilege if you would call on us.

Respectfully,

MENO SCHOENBACH, *Vice President.*

Hawaii

Replies were not received from Hawaii Hotel Association, Honolulu, Hawaii, and Hotel Consortium of Hawaii, Honolulu, Hawaii.

Illinois

CPC INTERNATIONAL,
Argo, Ill., March 25, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: In reply to your letter of March 12, we welcome the opportunity to respond to the questions. I shall attempt, in a brief narrative, to describe our position concerning the JOBS program.

I would like to point out first that we have operated a MA–3 program from November 1968 to present. During that period of time, we employed 341 certified personnel and have on the active payroll today—146 men. Percentage wise, we have retained nearly 43 percent of the trainees. We also have a MA–5 contract that began in January of this year and will expire in June 1971. To date, we have employed 70 men and have realized 5 terminations. We feel that because of the experience realized from the MA–3 involvement, we have been able to develop a program under MA–5 to meet not only society's needs but our own plant needs as well. Combine these two needs with the individual's needs and we feel that the program to date is successful.

I will now answer your questions in numerical order. Please realize that I will be discussing two programs, and when doing so, I will designate the difference.

(1) Our trainees for both programs are channeled through the State Employment Service or Concentrated Employment Program. The trainees reside geographically on the south side of Chicago. For clarification, the geographic area would be 30th Street on the North, 100th Street on the South, the lake on the East and Harlem Avenue on the West.

(2) The Chicago Alliance of Businessmen has contacted us about our pledge, has sent information concerning Manpower Programs, held luncheons and we had one visist from a representative.

(3) During the development of the proposal and negotiation of the contract, we had frequent phone or personal contacts. Since commencement of the last program, we have had several visits by the "Contact Monitor."

However, we have had requests for interviews, information and the like from different agencies under contract to or working with the Department of Labor. All situations involves either answers of some sort from the management of the plant, myself or interviews with the trainees.

(4) We believe the program is an effective means of employment of the disadvantage. A very important factor in the programs is the degree of effectiveness of the training concepts employed. We feel our approach to this phase of the JOBS program has been successful.

(5) Here, at our Argo, Illinois plant, we basically produce food commodities and allied products. We do experience a sales reaction allied to the national economic situation; however, the reaction is not as great as is experienced in auto, hard metals or plastic industries. We cannot presently foresee difficulties in the continuation of the current contract.

It is hoped that we have been able to answer your questions fully and to offer the information you desire. I am the Program Director or as the Department of Labor contract calls me "Contact Person." If we can be of further assistance, please do not hesitate to call on us.

Sincerely,

DONALD L. MCCAMBRIDGE,
MIND Director.

BURNEY BROS., INC.,
Chicago, Ill., April 2, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, Senate Office Building, Washington, D.C.

DEAR SENATOR NELSON: In response to your request for information regarding our participation in the JOBS program (MA–4), the following comments sum up our experience:

(1) The trainees are recruited from a cross section of the inner-city and ghetto areas of Chicago. We have received, and continue to receive, referrals from the counseling staff at correctional institutions, The Opportunity Industrial Center, The Illinois State Employment Service and a number of social agencies throughout the city.

(2) The National Alliance of Businessmen has been most helpful by sponsoring workshops that provided insight to the disadvantaged or unemployed. Further, they have provided information about other companies involved in the MA–4 program in regard to techniques and methods used successfully in their training endeavors.

(3) We have had continuing personnel contact with a representative from the District Office of the Labor Department at least once each month in the nature of a visit to our plant and contact by telephone when required. The Department has also provided the assistance required to complete the necessary paperwork and reports.

(4) This program appears to be one of the most effective in providing job opportunities for our minority groups. The funds (MA–4) provide the employer the economic support necessary to train disadvantaged and unemployed people. The special support services, the awareness training necessary for supervisors, and the establishment of the National Alliance of Businessmen are additional components that could not have been provided without special funding assistance. If the program, as it is designed, has weak points it would have to be the certification process by the State Employment Offices. The failure to adhere to the certifying guidelines, and the almost dictator-like methods of dealing with employers, are subjects in the local program that we feel require clarification.

(5) The current state of the economy has not adversely affected our sales volume. However we are reducing our work force. This has been caused by recent very high labor contract settlements and our inability to pass the increased cost on to the consumer. This strong consumer resistance to increased prices has generated an extensive review of our labor costs. By simplified production methods and new equipment we have reduced our work force to balance our increased costs.

As a businessman, exposed to the realities of the market place, our greatest requirement is the limitation of inflation and erosion of our dollars. With this accomplished it will be less difficult to negotiate a realistic labor contract and permit a more orderly training of the employees who enter our work force.

Thank you for the opportunity to state our experiences and opinions on a subject that we consider essential to our national welfare.

Sincerely yours,

JULE F. BURNY, *President.*

INSTRUCTIONAL DYNAMICS, INC.,
Chicago, Ill., March 31, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: Instructional Dynamics Incorporated, administrator of Chicago Businessmen's Training Consortium (CBTC), is pleased to answer your questions regarding the JOBS program. The answers are in the order in which they appeared in your letter of March 12 to CBTC.

1. All of the trainees are referred to the program through the Illinois State Employment Service. In addition, we have had good cooperation from private agencies such as the JOBS NOW program, Tri-Faith Employment Service, and the Job Corps GATE-House.

2. The National Alliance of Businessmen has assisted the CBTC in a most cooperative manner. Individual members have also been very helpful in supplying information regarding job openings, and CBTC maintains close contact with the Chicago Alliance of Businessmen. Jack Lhotka, the Metro Director, has been extremely helpful in providing information leading to job openings and other advisory services.

3. We have maintained close contact with the Department of Labor, and have been greatly helped by its cooperation.

4. The JOBS principle of hire first makes this the most effective attempt on the part of the government to alleviate the problems of unemployment and lack of skills for the disadvantaged. Our experience with institutional programs under MDTA such as Job Opportunities through Better Skills, the Concentrated Employment program, and JOBS NOW have all suffered because of a lack of suitable employment for trainees. However, the JOBS program's strong point is the provision for the existence of the jobs prior to training while the weakest aspect is the ease in which a company can withdraw its job commitments.

5. One segment of the CBTC training is being severely jeopardized because jobs originally pledged were withdrawn as a result of economic downturn. Further cooling of the economy would very likely have an adverse effect on the other segments and would also severely inhibit the growth of the program.

Very truly yours,

JEROME H. BROWN,
CBTC Program Director.

INTERNATIONAL HARVESTER CO.,
Chicago, Ill., April 1, 1970.

Hon. GAYLORD NELSON,
U.S. Senate, Washington, D.C.

SIR: This will acknowledge your letter of March 12, 1970, in which you ask us to comment on how our various JOBS contracts with the Department of Labor have worked out. Following are a few comments with respect to the five specific questions which you have raised in your letter:

(1) We have obtained the majority of our JOBS trainees through the efforts of the various state employment services. We have received excellent cooperation from the different state employment services in helping us to source and recruit jobless disadvantaged individuals. In addition, we have also worked with other private organizations such as the Urban League, Tri-Faith Employment Project, Woodlawn Organization, and these organizations also have been helpful in sourcing trainees for our programs.

(2) Our first program actually started in March of 1968, about the same time as the National Alliance of Businessmen was getting organized here in Chicago and elsewhere throughout the

country. Several members of our Company at various times have been on loan to the National Alliance of Businessmen in assisting them in their efforts. Inasmuch as our program first started at the same time as the Alliance was formed, we have had to rely infrequently on their direct assistance; however, when we have requested assistance, we have received excellent cooperation.

(3) We have received three contracts with the Department of Labor—an MA–3 Contract in 1968 for the training of 260 hardcore disadvantaged individuals. In 1969, we were awarded an MA–4 Contract for the training of 230 hardcore disadvantaged individuals. Only recently, we were awarded an MA–5 Contract to employ and train 85 disadvantaged jobless individuals.

(4) We have been particularly pleased with the JOBS program and the cooperation we have been receiving from the Department of Labor in helping us implement these contracts. Our first two contracts with the Department of Labor were for the employing and training of individuals in our manufacturing and depot operations for entry point positions. Our most recent contracts adds an entirely new dimension to our commitment to the JOBS program, inasmuch as we are now employing and training disadvantaged individuals in our sales area as mechanic helpers in our branches and stores. We have employed only those individuals who have been certified as disadvantaged by the state employment services and who otherwise do not meet our normal employment standards. Through these programs, we have demonstrated that with the proper training and motivation and orientation we can take many disadvantaged, jobless individuals and turn them into productive workers.

(5) We are continuing to employ and train hardcore disadvantaged individuals as job openings present themselves in our sales and manufacturing operations. We are finding it possible, on a selective basis, to continue these programs in spite of some slowdown in general business activities of our Company. If nothing more, even by normal attrition we have been able to continue our program. We have had situations recently where we have been required to lay off newly hired hardcore individuals; however, we have found that when we recall these individuals the vast majority do return to their previous jobs.

We are continuing to give serious consideration to further programs with the Department of Labor. One program at the present time, that we have already had preliminary discussions with the Department, is in the area of pre-apprentice training and these discussions are continuing at the present time.

We have attached several copies of articles which have appeared in various publications which might furnish you further additional background about our programs. If you should require any further information, please let us know.

This has been an important and exciting program for our Company. the training of the disadvantaged is an area in which there was little previous experience and few established guidelines. Through these programs, we have developed a much better understanding of the problems and capabilities of the disadvantaged. As a result of our

efforts, and the efforts of other companies, we feel that we have gainfully employed a number of individuals who otherwise might not have been afforded an opportunity to become productive citizens in our country.

Very truly yours,

H. C. BAKER, *Manager.*

UNITED AIR LINES,
Chicago, Ill., March 23, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: We appreciate your providing us an opportunity to comment on our experience with the JOBS Program.

United Air Lines was among the first corporations to make a contract with the Department of Labor. Our first contract was worked out at the Department of Labor Headquarters in Washington, D.C., under the Test Cities Program. We contracted for 420 trainees at eleven cities which were: New York, Newark, Washington, D.C., Pittsburgh, Detroit, Cleveland, Chicago, Denver, Seattle, San Francisco, and Los Angeles. We placed 491 in training under this program. Under our second contract, the MA–5, we have contracted to train 500 of the disadvantaged in the same eleven cities. This contract was negotiated at the Department of Labor Regional Headquarters in Chicago, Illinois.

We have been working with the various State Employment Offices in recruiting and certification. While the State Employment Services have not been our most productive source, they have been most cooperative.

Our experience with the Department of Labor at the national, regional and local level has been excellent.

Our trainees have been obtained jointly through State and other local agencies. Applicants have been referred from other agencies such as CEP, the New York City Human Relations Commission, as well as other minority referral agencies. These applicants were subsequently certified as meeting the hard core criteria.

The most salient ingredients of the program, to us, are the provisions allowing for employee counseling, job orientation, and on-the-job training. These functions allow the in-depth personalized attention required, in most cases, with the hard core disadvantaged person to overcome his suspicion; and at the same time, develop his self-confidence and desire to succeed. The most significant factors in the program's success have been the requirement that on-the-job training be accomplished at the work site rather than in a simulated work setting, and in the fact that trainees are employees from the first day. The most vulnerable area might be the length of time required to be reimbursed for the "front end" loading of expenses, which to a great degree, is resolved under the JOBS '70 proposals.

The downturn in the economy will have some effect on this program and in our particular case it has resulted in a re-evaluation of the schedule established for hiring persons under our contract. Overall, a further slowing of the economy could result in an indefinite delay

in future classes, since it is necessary to first recall persons who may be affected by a reduction in force in the Corporation. As you are aware, JOBS trainees start their Company seniority from their first day in the Company program, and as a result, when a reduction in force takes place, are subject to the seniority provisions established.

The National Alliance of Businessmen has been helpful in acting as a local source of supportive service assistance. The Alliance office has also served as a means through which employers are able to meet jointly to discuss, evaluate, and share experiences. Through this interchange of information, the overall retention rate of the minority hires should improve.This is reflected, in our own experience, by the reduction in turnover of persons hired under the MA–5 Program, we are engaged in, when compared to our experience under our prior Test Cities Program.

Sincerely,

PERCY WOOD,
Senior Vice President, Personnel.

ZENITH RADIO CORP.,
Chicago, Ill., April 8, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: In reply to your letter of March 12 concerning our Jobs Program, we would like to make the following comments:

(1) Most of our trainees were from the four C.E.P. areas with a percentage breakdown as follows: Lawndale, 70 percent; Garfield 27 percent; Uptown 1 percent; and Southside, 2 percent. Recruitment was through C.E.P. with certification by I.S.E.S.

(2) Assistance has been furnished by the N.A.B. They have supplied job tally cards and occasional correspondence on new contracts and proposals.

(3) As for contacts with the Department of Labor, we have had personal contact with the Department of Labor people concerning billing, new proposals, terminations, persons on layoff, and have been visited at least monthly by the field officer, Mr. Michael White.

(4) Our general evaluation of the program is as follows: The strong points would be the melding together of the industrial manpower to collectively solve the problem which has been plaguing society for many years; the fact that an economic commitment was possible through the working together of business, industry, and government; and the standardization to a major degree in reporting the quantity of input.

The weak points would be the lack of communication among the various agencies such as I.S.E.S.; D.O.L.; C.E.P.; and local civic organizations; and city, state, and federal government. Also, there seems to be a lack of communication and a reasonable degree of objectiveness between all agencies who have an interest in this problem. Some of them have as their objective reporting numbers; others—reporting retention or advancement. Still

others are interested in just people and their problems. Additionally, it would seem to us there should be some clearing house as to what kinds of programs are being run and what type of training is being given so that there could be better correlation of programs.

(5) As for the present turndown in economy, it has directly affected the number of trainees we were able to keep as well as the number of trainees we are able to input. As of April 1, 1970, the current situation is as follows: Out of 110 trainees input through the program, 28 percent left of their own accord, 61 percent were laid off, and the balance has been retained. Should there be a further downturn in the economy, it will be necessary to lay off the balance of those still with us; and we would anticipate hiring no new trainees nor recalling any of the laid off trainees until economic conditions would improve.

I hope this information will be of value to you in your meetings on proposed manpower legislation.

Sincerely,

LEONARD F. LUCE,
Director, Equal Opportunity Programs.

Replies were not received from General Electric Co., Chicago, Ill.; Leaf Brands, Chicago, Ill.; Jewel Food Stores, Melrose Park, Ill.; and Rauland Corp., Melrose Park, Ill.

Indiana

UNITED STATES STEEL CORP.,
Pittsburgh, Pa., April 1, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Your letters requesting comments concerning the experience of our Gary Works and South Works with the JOBS Program have been referred to me in view of the role of this Headquarters staff in the design and implementation of the Gary and South MA–5 contracts as well as the fact that the contracts are almost identical in content. Concerning the specific questions contained in your correspondence, the following comments are believed appropriate:

(1) Although contacts have been made with numerous agencies concerned with the placement of disadvantaged personnel, the most of our MA–5 trainees have been obtained from applicants who come to our plants of their own volition and are then certified by State Employment Services. Others are obtained from referrals by State Employment Services and the concentrated Employment Program.

(2) The National Alliance of Businessmen was of considerable help in providing our organization with information concerned with the MA–type of programs. Through their sponsored area meetings designed to encourage participation by industry in federally funded programs, United States Steel became initially interested in the JOBS contracts.

(3) Inasmuch as both Gary Works and South Works are located in the geographic area assigned to Region V, United States Steel's contacts have been restricted to the Department of Labor's Manpower Administration Office in Chicago, Illinois.

(4) Perhaps the strongest point of the JOBS contract program is concerned with the provisions dealing with the employment, training, and retention of new hires. Properly designed projects provide the disadvantaged new employee with academic and manual skills which serve as a "headstart" program enabling him to more readily accomplish the transition from a non-industrial urban or agricultural background to the industrial world of work.

The program area believed deserving of additional study is the upgrading or Option B portion of JOBS. During recent years, industry has hired many applicants who are disadvantaged as to academic and skills accomplishments. Although industry continues to provide on-the-job training where possible, the provisions of the upgrading format intended for this population, whereby graduates must receive an immediate increase of ten per cent in earnings and be promoted two skill levels proves to be impractical and/or impossible due to the unstructured way that job openings occur and to seniority provisions of basic labor agreements.

(5) The present downturn in the economy has not, as of this date, resulted in any layoff of participants in the MA–5 contracts. Some of the trainees, however, have been transferred from one department to another as the result of decreased operations. You recognize that the participants in the MA–5 projects represent most recent hires and further cooling of the economy may eventually affect their retention due to lack of seniority.

Very truly yours,

R. HEATH LARRY,
Vice Chairman, Board of Directors.

Kentucky

JOBS NOW, INC.,
NATIONAL ALLIANCE OF BUSINESSMEN,
Louisville, Ky., March 30, 1970.

Hon. GAYLORD NELSON,
U.S.Senate, Washington, D.C.

DEAR SENATOR NELSON: I am pleased to respond to your letter of March 12.

In general, our enthusiasm for the JOBS program is very high, in spite of the problems we have encountered, because the MA contract series is performance-oriented by its very structure. Jobs Now was started by private enterprise in Louisville several months before NAB–JOBS was created and was geared to the performance criteria of industry. The structure and goals of NAB were quite compatible with our originally conceived objectives.

Let me now attempt to answer your specific questions:

(1) *Where you have obtained most of your JOBS trainees.*—As a consortium organization, Jobs Now was originally set up to take referrals from the Kentucky State Employment Service, Com-

munity Action Commission, and Urban League, with the Employment Service responsible for all certification. Supplies of referrals were quite inadequate to fill available openings, with little or no screening for employable hard-core taking place by the agencies. This problem became so acute that last September, Jobs Now found it necessary to assign one of its staff to do recruiting part-time. In a two week period, this one person produced more than twice as many applicants as all the agencies combined. As the program has developed credibility in the community, increasing numbers of applicants simply "walked in" to the Jobs Center to enroll. Certification was set up on site by the Employment Service. Today, eighty percent of the applicants are "walk-ins".

A unique referral arrangement is also set up with the State Parole Board, whereby parolees are sent directly to Jobs Now for processing into jobs. Six to ten trainees per month come from this source.

(2) *What kinds of assistance have been furnished to you by the National Alliance of Businessmen.*—The National Alliance of Businessmen has provided helpful guidance and become a source of information of Department of Labor policies. Its ability to intercede at high levels is invaluable. Further, the contact of top NAB executives such as Leo Beebe and Paul Kayser with heads of large corporations has aided in getting job commitments on the local level.

However, in our judgment, the loose certification process of theoretical "hard-core" gate hires is an unrealistic measurement of NAB's effectiveness in dealing with the really "hard-core". Further, it is our experience that the securing of annual pledges means little, since most industries cannot commit specific job openings in advance. Our job development has consisted of a bi-weekly contact with all participating companies to secure specific job openings, which we feel is more productive than a pledge campaign.

(3) *What kind of contacts you have had with the Department of Labor.*—On the whole, our contacts with Department of Labor officials on the regional level has been cordial and constructive. A special word of commendation is in order for Mr. William Norwood of Region IV, who demonstrates a reasonable flexibility and a genuine desire to reach solutions to problems.

It is still true that simple, routine modifications in the contract result in unusually long delays of payment.

At times, in our experience, the goal of solving a difficult urban problem has been obscured by the strict and inflexible interpretation of regulations. It appears to us that instead of an attitude that says in effect, "How can we make it work", there seems to be too much concern with legalistic answers designed to merely protect the tax dollar. An increasing restlessness with this attitude is evident among business leaders and is an alarming omen for the future success of the program.

43-402—70——5

(4) *What your general evaluation of the program is, particularly its strongest and weakest points.—*

A. *Strengths.—*

(1) The "hire first" principle—with its insistence that training be done by the employer *on site* is a sound concept that needs to be reinforced and maintained—but, perhaps with a little greater latitude and flexibility.

(2) The involvement of private enterprise—businessmen talking to businessmen—and the utilization of private enterprise performance standards is indispensable!! Right or wrong, much of the private sector is still reluctant to become involved with government contracts whereby their activities can be scrutinized by government officials. Further, the less than enviable record of many state employment services has resulted in a lingering credibility gap.

(3) In view of the above situation, one of the undeveloped strengths of the JOBS program is the consortium approach. This removes the need for administrative detail from industry and permits much-needed flexibility. NAB–JOBS is to be commended for its recent effort to develop this vehicle.

B. *Weaknesses.—*

(1) The overall objective to solve the problem of the disadvantaged is severly hampered and restricted by the rigid poverty criteria of the Department of Labor. A more flexible approach is essential which would permit large numbers of under-employed to be channeled into better paying jobs and thus create a true flow of upward mobility through all levels of "hard-core".

(2) Greater flexibility in funding is needed. The best answer would seem to be a combination of the best of JOBS–MA funding and MDTA funds. In some of the higher skill levels, provisions for acquiring initial job-related skills in an off-site classroom setting is essential. The JOBS guidelines are too restrictive at this point when rigidly interpreted.

(3) The present JOBS program does not place sufficient emphasis and effort upon retention. More placement of "hard-core" simply increases disillusionment, despair and heightens the potential for violence, unless it succeeds in retaining the man on the job.

In this context, it could be observed parenthetically, that perhaps NAB–JOBS was too quick to expand to a nationwide effort before it had expended more needed effort to find solutions for problems in the initial Metro cities.

(4) Screening of many applicants by companies with individual contracts is the comman practice, and does not contribute to the ultimate goal of the program for reasons just mentioned above.

(5) *Most importantly, what effect the present downturn in the economy has had on your participation in JOBS, and what likely*

effect further cooling of the economy would have on your participation.—The answer to this question is obvious. A major downturn in the economy could severely hamper the program. Industry cannot be expected to create jobs where they do not exist!

In my opinion, this is one of our major concerns. Steps should be taken immediately to conserve the gains of the JOBS effort to date, in the event of a significant downturn. We have been concerned about this problem for several months in Louisville. I am enclosing a proposal we have drawn up for a program of lateral education and training for the "hard-core" who would be caught in any substantial cut-backs or lay-offs. This is one possible approach to the problem which, in my opinion, deserves consideration as an experimental pilot project. Our employment status in Louisville is alarmingly slow at this time.

Just these few general comments in conclusion.

The NAB–JOBS program has made an excellent beginning towards starting a true partnership between government and the private sector, but a very real credibility gap still exists. In my judgment, this gap can only be bridged by more continued involvement of industry in a formally structured way.

The NAB has reached a point where continuity needs to be built in with some permanent skeleton staffing at all levels. In my opinion, one of the serious deficiencies of the present structure is the rapid turnover of industry loaned personnel. Further, it is becoming inincreasingly difficult to secure topflight industry executives, since most Metro areas do not have enough large corporations who can afford to loan such personnel. Our success in Louisville in dealing with what we are convinced is the bottom strata of truly "hard-core" is due largely to a permanent functioning staff of job developing, counseling and follow-up supportive services. It has enabled us to develop expertise in dealing with a very difficult problem for which no easy solutions exist.

I shall be happy to supply any further information you may desire, and also documentation for any of the above statements at your request.

Cordially,

VICTOR L. PRIEBE.

Louisiana

AVONDALE SHIPYARDS, INC.,
New Orleans, La., March 17, 1970.

Mr. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR MR. NELSON: In answer to your letter of March 12, 1970, please find the following answers to your questions one through five.

(1) Ninety-five percent (95%) of all our trainees have come from the metropolitan area of New Orleans. First preference has been given to the applicants from the designated target areas.

(2) The Metro Chairman and staff has been very effective in assisting us in both the technical and practical aspects of hiring

the hard core. They also have been very effective in the handling of problems with Employment Security in the referral of applicants to us for placement in our program.

(3) We have completed a MA–3 contract and we are now 12 months into a MA–4 contract in welding. We recently submitted an up-grading contract to the Department of Labor in Dallas for the up-grading of disadvantaged Helpers to Shipfitters. We are optimistic that this contract will be approved in the very near future. We hope to negotiate another MA–6 contract in Welding that would begin in June of this year.

(4) The National Alliance of Businessmen is a business organization, which is one of its strongest points. The Metro Chairman has insight into the problems we have in training the hard core and has made himself avaiable to assist us in the many problems we have had. They also have been instrumental in the coordinating of all the various groups of disadvantaged people in the city, advising them of our program. Also, they have solved some of the serious problems we have had in securing the applicants through Employment Security Service.

(5) Our Corporation has been on the up-swing for more than the last ten years. The projection for continued growth is excellent and we feel that the general condition of the economy today will have no affect on the availability of jobs for the hard core in our Plant for the next 12 months.

We feel that the National Alliance of Businessmen has been the first realistic approach to solving the same problems that so many other agencies and organizations have tried to solve in the past. We look forward to continuing our support to the National Alliance of Businessmen during the months and years to come.

Yours very truly,

JOHN A. CHANTREY,
Assistant Director of Insurance and Personnel.

Maryland

Replies were not received from MTD Research and Development, Baltimore, Md. Reply of Baltimore Chamber of Commerce is in the appendix to this report.

Massachusetts

Replies were not received from Hotel Corp. of America, Boston, Mass., Raytheon Service Co., Burlington, Mass., reply is in the appendix to this report.

MARCH 16, 1970.

Michigan

Mr. LYNN A. TOWNSEND,
Chairman of the Board of the Chrysler Corp.,
Detroit, Mich.

DEAR MR. TOWNSEND: The Senate Subcommittee on Manpower, Employment and Poverty, which I chair, is now holding hearings on

S. 2838, the administration's proposed Manpower Training Act. Two days of hearings will be devoted to the JOBS program.

As I am sure that you are aware, the Chrysler Corporation has recently cancelled its JOBS contract. I am equally sure that this was a decision which was not made lightly.

I would appreciate it if you would send me a complete review of the situation which you found yourselves facing, the options you considered, and the reasons which led you to finally decide to cancel your JOBS contract.

Because the hearings on JOBS will be held in early April, I would appreciate a prompt reply. We may want someone from Chrysler to testify. Please suggest whom we might contact to do this.

Thank you very much for your assistance.

Sincerely yours,

GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty.

CHRYSLER CORP.,
Detroit, Mich., March 23, 1970.

Senate hearings re S. 2838.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

MY DEAR SENATOR NELSON: In response to your letter of March 16, 1970, your request is being processed in Mr. Townsend's absence because of your time schedule.

To quote from your letter, "Chrysler has recently cancelled its JOBS contract." Since this is not factually correct, may we take this opportunity to review the facts with you and provide a framework for understanding the total situation.

On February 1, 1970, Chrysler Corporation was operating three different contracts:

N.A.B. M–3 (#24–8–7–036–150) is a contract for 786 automotive mechanics employed in Chrysler dealerships—completion date 6–17–70.

N.A.B. M–3 (#24–8–7–003–106) is a contract for 1,600 production employees—completion date 6–17–70.

N.A.B. M–4 (#24–9–4–016–108) is a contract for 4,450 production employees—completion date 2–6–71.

The M–3 automotive mechanics program is being completed ahead of schedule and a new nationwide contract (M5–24–0–5023–200) has already been negotiated for 1,000 jobs—effective 3–1–70.

The M–3 production employees contract for 1,600 peaked in December, with 1,697 slots filled (an excess of 97 positions which we trained at no added expense to the government.

Our M–4 contract for 4,450 employees became an ultimate impossibility. With laid off employees having preemptive recall rights under our labor agreements with the U.A.W., job opportunities for new hires would not develop within the time span of the contract. While the legislative authority under which our MA–4 contract was based did not permit an extension of dates which would accommodate our commitment, our concern as a Corporate citizen motivated us to explore all other possible courses of action.

In analyzing our situation we considered the following alternatives:

Maintain the status quo and hope that "new hire" potential would develop within the limitations of contract dates.

Request extension of the M–4 contract dates to accommodate a future upturn in job availability.

Fold the M–4 contract completely and await a total Corporate upturn in availability of new-hire opportunity.

Cancel the M–4 contract and replace it with individual JOBS 70 agreements to include:

(*a*) Employment and training contracts as job openings develop in specific labor market areas;

(*b*) Interim "upgrading" options which would permit us to concentrate on the disadvantaged employees (more than 5,000) still on our payroll and previously provided with only minimum qualifications for entry level positions;

(*c*) A broader range of JOBS 70 options not available under M–4 i.e.: (1) Pre-foremanship training; (2) enriched program for potential female employees; (3) nationwide application providing entree to Corporate plant cities excluded under M–4.

Our M–4 contract was terminated as a part of reprogramming to shift emphasis dictated by current economic conditions and by a desire to utilize the JOBS 70 options, some of which could be applied immediately on a nationwide basis, representing a definite improvement over previous programs.

With this in mind, we have already proceeded as follows:

(1) As previously mentioned, a contract for 1,000 automotive mechanics has been negotiated effective 3/1/70, and an additional contract for 1,000 will be implemented in June. This is possible because of the JOBS 70 nationwide application.

(2) A JOBS 70 contract (#24–0–6–008–000) to upgrade 235 auto mechanic trainees in our dealerships has already been funded, effective 4/1/70.

(3) A JOBS 70 contract to upgrade 400 Chrysler employees in pre-foremanship was submitted for consideration on 3/9/70.

(4) Additional contracts for upgrading 3,200 current employees are now being readied for consideration.

(5) A Master JOBS 70 contract for Corporate production new hires is now being readied and will be applied in individual cities as soon as job opportunities are available. Two such locations are now ready as soon as the negotiations are completed.

We are genuinely concerned about the current impact of economics on job availability in the automotive industry, but we believe it is encouraging that we have been able to work out areas of government-industry job training cooperation which will assure continued opportunity for disadvantaged persons.

If you wish someone from Chrysler to testify at the JOBS hearings in early April, may I suggest Mr. Wayne E. Crimm, Director of the Chrysler Institute who is in charge of these training activities for our Company, and who would be happy to testify.

Sincerely,

V. E. Boyd.

FORD MOTOR CO.,
Dearborn, Mich., March 31, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment,
Manpower, and Poverty,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Reference is made to your letter of March 12 in which you ask five questions of Ford Motor Company regarding how our JOBS contracts have worked out in practice. Our answers to these questions are indicated below:

(1) *Where have you obtained most of your JOBS trainees?* Most of our JOBS trainees have been secured through the state employment services of Michigan, Ohio and Illinois. In Michigan, the Michigan Employment Security Commission worked closely with the Mayor's Committee on Human Resources Development and the Detroit area NAB office to recruit trainees.

(2) *What kinds of assistance have been furnished to you by the National Alliance of Businessmen?* The NAB has furnished information and guidance on preparing MA contract proposals and has assisted in recruiting hard-core trainees.

(3) *What kinds of contacts have you had with the Department of Labor?* The only contacts we have had with the Department of Labor involved their assistance in negotiating our MA programs.

(4) *What your general evaluation of the program is, particularly its strongest and weakest points.* The JOBS program, in our opinion, has brought to the attention of the nation's industries the necessity of providing employment opportunity to the nation's disadvantaged and provided employment opportunity for many thousands who would otherwise have remained in the ranks of the unemployed. We have been pleased to lend our support to the program and have added many fine employes as a result of our participation in it.

(5) *Most importantly, what effect the present downturn in the economy has had on your participation in JOBS, and what likely effect further cooling of the economy would have on your participation.* The present downturn in the economy has not seriously affected the hard-core trainees already hired, but has temporarly curtailed additional hiring opportunities. Reduced sales, obviously, tend to affect the number of jobs that we can offer.

Sincerely,

DONALD E. SCRIVEN.

INTERNATIONAL UNION, UNITED AUTOMOBILE,
AEROSPACE & AGRICULTURAL IMPLEMENT
WORKERS OF AMERICA, UAW,
Detroit, Mich., March 31, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: In response to your letter of March 12, 1970 seeking our comments on our experience under the JOBS contracts, I submit the attached for your consideration.

Very truly yours,

DOUGLAS A. FRASER,
Codirector, Manpower Development and Training Department, UAW.

In response to your letter dated March 12, 1970, requesting information relating to our participation in the JOBS program, please be advised that our union has been developing consortium agreements with the employers with whom we have collective bargaining agreements in the interest of providing more impetus to the program.

By developing consortiums with two or more employers in an area, we hope to elicit more cooperation from many companies who were initially reluctant to participate on an individual basis because they were not equipped to provide the necessary supportive services.

In our opinion, our consortium approach has been relatively successful because the UAW assures each employer full cooperation in implementing a meaningful training program by relieving him of some of the burdensome paperwork inherent in all government sponsored training programs. In addition, our consortium approach enables the hiring employer to utilize our existing services in job coaching, job related basic education and off-job counseling to a greater degree than if he were to provide those services himself.

All in all, we believe that forming training consortiums of various employers in an area provides training efficiencies not readily achieved in the single employer concept. Besides, with the UAW as the consortium bidder, the individual employers are more amenable towards accepting minimal responsibility with a group rather than initiating a total program on their own.

In reply to the specific inquiries contained in your letter, please be advised that our answers are general and encompass a wide variety of JOBS programs:

(1) Most of the JOBS trainees are recruited from the Employment Service and Concentrated Employment Program. If the ES or CEP cannot supply the required trainees for an employer, we recruit from the community and refer the applicants to the ES or CEP for certification in the program. It is surprising the number of disadvantaged persons our recruitment efforts produce.

(2) We have received splendid cooperation from NAB although our requests have been very limited, other than in

the area of Dictionary of Occupational Titles information, which was readily supplied us.

(3) We have had a variety of contacts with the Department of Labor at all administrative levels and we have had the most excellent cooperation in all proposed programs.

(4) Our general evaluation of the JOBS program is that while the overall concept of "hire first and train later" has a great deal of merit (especially in eliminating some of the barriers to employment) most employer apathy stems from two sources:

(*a*) Involvement in the JOBS program requires too much extra paperwork; and

(*b*) The acceptance of a referred trainee without some evaluation as to his innate ability to absorb training could commit the employer to an extensive training investment without any provisions for reimbursement beyond the contract stipulated components.

Consequently, the strongest point in the JOBS program is the full spectrum of supportive services that can be provided after employment, and, conversely, the weakest point is the lack of flexibility in such services after a JOBS program is initiated. Ideally, if the trainee drops out of the program beyond the control of the employer, provision should be made so that the employer could recover all moneys invested in such cases.

(5) While we anticipate some slackening of employer participation in the JOBS program because of the economic downturn, in the automotive industry, we believe that we can still effectively develop JOBS programs with employers in many diverse industries with whom we have collective bargaining agreements.

Our experience with the JOBS program indicates that the following administrative procedure improvements would facilitate implementation of JOBS programs with more employers:

(1) Since the reimbursement of training costs in the JOBS programs are almost standardized, the regional manpower administrator should authorize individual training programs immediately upon application and negotiate individual training components after training has started to more accurately predict actual costs and to forestall inordinate delays in program implementation.

(2) Separate unit costs for individual supportive services should be eliminated. The special counseling, medical and dental services, transportation, and child care assistance should be considered as one cost item per trainee and expended only when any of the foregoing services were provided for an individual trainee.

(3) The daily unit cost reimbursement should be restricted to the on-the-job and job related basic education components only.

(4) The initial orientation and counseling should be considered as a part of the job related basic education component and not as a separate component.

Adoption of these administrative procedures would simplify both the initial proposal and subsequent billing procedures and eliminate some employer apathy towards the JOBS program.

Replies were not received from Allen Industries, Inc., Detroit, Mich., and Detroit Board of Commerce, Detroit, Mich.

Minnesota

No reply was received from Control Data Corp., Minneapolis, Minn.

Missouri

BUILDERS' ASSOCIATION OF KANSAS CITY,
Kansas City, Mo., March 23, 1970.

Mr. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: In reply to your letter of March 12, 1970, I would reply to your questions regarding the JOBS program as follows:

(1) U. S. E. S.

(2) We have not requested any assistance from the National Alliance of Businessmen, but they have indicated a willingness to be of help and I am sure they would be helpful if called upon.

(3) Our local contacts in particular have been very good. Their people are well liked and are fair. On occasion when we had to deal with the Department in Washington they were quite satisfactory.

(4) It could not be carried on by private industry because dollarwise it will not work out under any scale of measurement. The money spent in this kind of a program can not be justified in any economic manner as far as a balance sheet is concerned. However, we do know that this program has taken some of these people off of the welfare rolls and put them on the tax-paying payrolls. Therefore, when the human element is considered we realize we can not completely measure the results in dollars and cents.

The strongest point of the program is that psychologically it gives a social uplift to some of these people and certainly gives a new hope to many. The weakest point of the program is that there is insufficient time to work with the erroneous and often antagonistic attitude of these people. Although these manpower programs give sufficient time to start these people in a trade, there is not really enough time to change or correct negative personality and moral deficiencies. Therefore, over one-half of these persons are lost again and their training wasted because the length of schooling was not sufficient. The only answer is to be more selective and not attempt to train this type of people in the beginning or have better funded programs where we can

spend more time with this kind of personnel and give special emphasis to social studies so their attitudes can be brought to a higher social and productive level. Another weak point of the program is the fact that the federal government and/or welfare programs of one kind or another have already spoiled most of the disadvantaged people. They come to us looking for something for nothing. It takes us several weeks to get them past their "pie in the sky" attitudes.

(5) As far as we are concerned there has been no down turn in the economy. The inflation is still running wild in this area and the so-called down turn in the economy is in the newspapers only.

I trust these comments will be helpful.

Sincerely,

WILLIAM W. HUTTON,
Managing Director and General Counsel.

No reply was received from Armco Steel Corp., Kansas City, Mo.

New Jersey

ALLEN INDUSTRIES, INC.,
Rahway, N.J., March 26, 1970.

Hon. GAYLORD NELSON,
U.S. Senate,
Washington, D.C.

DEAR SIR: We offer the following comments relating to the specific items enumerated in your letter of March 12, 1970 concerning our JOBS program:

(1) All of the JOBS trainees have been obtained through the New Jersey State Employment Service.

(2) The National Alliance of Businessmen has been helpful in furnishing the tools required—forms, brochures, reporting procedures—to do an effective job of fulfilling the provisions of our JOBS contract.

(3) Our initial contact with the Department of Labor involved the formulation of the terms of the contract, which was effective April 15, 1969. Subsequently, our contacts have been limited to the submission of the Monthly Progress Report.

(4) Any strong or weak points connected with the program would directly relate to our particular business situation, specifically the fluctuations in manpower requirements from week to week. Because of these scheduling variances, we are not always able to offer the trainee that which he seeks most: steady employment.

(5) The present downturn in the economy has resulted in the layoff of the 28 trainees currently enrolled in the program. A futher cooling of the economy, as you put it, would of course result in the continuation of the layoff status of the 28 trainees, and the paralysis on our part to provide employment as pledged.

Sincerely,

G. B. UMHOLTZ,
Labor Relations Manager, Rahway Plant.

JERSEY CITY CHAMBER OF COMMERCE,
Jersey City, N.J., March 26, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Your inquiry of March 12th asked that a response be made by March 31st. It concerned the hearings of the Senate Subcommittee on Employment, Manpower and Poverty. More specifically, it concerned Senate Bill 2838.

I have delayed response to your letter for a few days so that the response would reflect the attitudes of those most directly concerned with the questions you raised. It is my belief that their feelings are reflected in this letter.

The Jersey City Chamber of Commerce was the first in this area, and one of the very first in the nation, to negotiate a training program for the hard-core unemployed under the terms of the so-called MA–3 conditions. This, as you know, was highly experimental in nature and was designed to (1) alleviate some of the problems of hard-core unemployment, (2) involve businessmen in the alleviation, and (3) provide a degree of training which would allow for subsequent upgrading of these employees.

On paper the opportunities seemed good and it was felt that sufficient cushions were made to allow for training and at the same time provide against economic loss of the companies so involved. The questions you have raised in your letter will be discussed in order of their appearance.

(1) *Where have we obtained most of our JOBS trainees?* These people were obtained through local out-reach groups such as the the Urban League, NAACP, etc.; the New Jersey Employment Service; N.A.B.; and, most importantly, through direct street recruitment performed by this organization and its sub-contractor, the Philco-Ford Corporation. As per the conditions of the contract, all employees had to be screened through the New Jersey Employment Service to ascertain eligibility.

(2) *What kinds of assistance have been furnished to you by the National Alliance of Businessmen?* The NAB maintains a fully-staffed office here and officials of that organization have sat in on policy meetings, planning meetings, and all programs designed to implement this contract. At the same time, the NAB has placed people without training in many firms on a reciprocal basis with us. A subjective evaluation would cause me to say that there has been the highest degree of cooperation between us and NAB.

(3) *What kinds of contacts have you had with the Department of Labor?* At the outset our contacts with the Department of Labor were of a stand-offish and experimental nature. The men in the Regional Office in New York were determined to go exactly by the book. We felt that we saw a degree of impracticality and we attempted to encourage a more meaningful interpretation of the strict word. Because of this experimental quality, our negotiations at the outset were slow, cumbersome, and laborious. Gradually, more rapport and confidence was accomplished.

In retrospect, it is our belief that the Department of Labor wanted to implement the program, but felt constrained because of the legal and actual wording of many of the conditions. Since

the initial signing of the contract and because of the evident necessity to modify some of these conditions, the Department of Labor (New York) has softened its attitude and has been completely cooperative in making modifications necessary to what we believe is carrying out the intent of the act.

(4) *What is your general evaluation of the program, particularly its strongest and weakest points?* The program was a start. It was experimental. It proved some very good points. It disproved a number of other points. Basically, it is my belief that no organization in the United States can reach as many businessmen and simultaneously reach as many outreach groups as the local Chamber of Commerce. Here one finds a built-in, viable, going organization in almost every community in the nation. To neglect the use of it would be inexcusable if one is to accomplish the goals set forth in the various MA programs.

On the other hand, there are built-in obstacles which are considered as safeguards by the Federal Government which preclude the average Chamber from serving its own membership and at the same time serving the national purpose as set forth in these manpower acts. It is our belief that MA–3 was the very worst. Further, it is our belief that since MA–3 on through JOBS 70 that corrections and improvements have been wrought which are significant; particularly reference is made to the front-end load concept inherent in MA–3. This one factor alone caused the Jersey City Chamber of Commerce to lose in actual cash 25 percent of its 1969 budget. On the contrary, improvements as expressed in the JOBS 70 program allow for a recovery of previously agreed-upon administrative costs.

Moreover, the weakness inherent in the MA–3 which required off-site training has been corrected after it was determined through experience that failure of a hard-core employee to be on the job site very quickly after his acceptance caused considerable drop-out.

My estimate of the strongest point is in the concept itself; i.e., if improvement is to be made in the employment picture in toto, the private sector has an over-riding obligation.

(5) *What effect has the present downturn in the economy had on your participation in JOBS and what is the effect likely to be upon further cooling of the economy on our participation?* This has been a serious problem with us. First, there is a seasonal factor. We could have doubled our efficiency had there been some provision for seasonal employment in one industry complemented by seasonal employment in another. Toys and photography are good examples of how one complements. This is an actual case.

The cyclical factor is more bothersome. Six months ago when employees were more difficult to get we had relatively little difficulty in placing workers. With subsequent lay-offs, higher quality workers are available and with no red tape involved (as occasioned by MA contracts), they are preferred. It is our estimate that this situation has caused a 30 to 40% reduction in our capability of placing hard-core workers. Intensification of the cyclical downturn will aggravate this problem.

It is our modest feeling that we have probably gained more experience on the firing line in the application of this type of program than any trade association group. Our director, Mr. James Cederdahl, is overflowing with ideas concerning improvement, simplification, and utilization of the general trade association. He has seen and can comment upon the efficacy of the hard and fast rules which have been established and I'm sure is in a position to comment upon desirable changes which will enable the Federal Government to utilize the vast resources offered by the Chambers of Commerce collectively.

If you feel that more detailed comments in one way or another will be helpful to you in refining the thinking of the Federal Government concerning the concepts of the MA programs, I hope you will let us know.

Sincerely yours,

WALTER E. KNIGHT,
Executive Vice President.

Replies were not received from GAF Corp., Linden, N.J., and Quaker City Industries, Inc., Carlstadt, N.J.

New York

AMERICAN AIRLINES,
New York, N.Y., April 6, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: In response to your request following are some comments on American Airlines participation in the JOBS Program.

Our participation in the JOBS Program started in July, 1968 with an MA–III contract to hire 350 trainees. This was followed in May, 1969 by an MA–IV contract to hire an additional 290 trainees. Both contracts include the following 10 of our major cities: Boston, Chicago, Cleveland, Dallas, Detroit, Los Angeles, New York, San Francisco, Tulsa, and Washington. In addition, in the last several months we have joined two consortiums, one in Syracuse and the other in Cincinnati. Both of these are operated by the Chamber of Commerce of that city.

Most of our JOBS trainees have been obtained through local community Manpower centers. Some through referrels from our own employees' contact. Community Manpower agencies provide a very important link in the transition of the trainee to the world of work. All trainees are certified by either the Concentrated Employment Program or the State Employment Service.

The National Alliance of Businessmen's participation in our program has been principally one of an "on request" advisory nature. Administration of the contracts has been with the office of the Regional Manpower Administrator, Region II, U.S. Department of Labor in New York. Although American Airlines JOBS effort covers 10 cities, our contracts are administered by Region II. This arrangement has greatly simplified the administrative load.

As of February, 1970 we have hired 537 trainees of which 297 are still on the payroll. This represents a retention factor of 55 percent. When terminations for such reasons as being drafted, going back to school, leaving for better job opportunity are deleted, the retention rate is 62 percent. We feel the program has been successful. The things we have learned from this program have proved of value in evaluating some of our previous hiring standards. One open question which we are now trying to research is an attempt to determine more accurately the reasons for those trainees who failed, and were terminated from the program.

In anticipation of our being unable to hire in the same volume during 1969, as we did in 1968 our MA–IV program was reduced to 290 from 350 under MA–III. We believe we will be able to meet that quota of 290, although, because of the tightening of the economy, hiring has slowed. We do not anticipate entering into another JOBS contract until at least the first quarter of 1971.

Sincerely yours,

ROBERT C. HALL,
System Director/JOBS Program.

NEW YORK CHAPTER,
AMERICAN INSTITUTE OF BANKING,
New York, N.Y., March 18, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: My comments on how our JOB contracts have worked in practice, as requested in your March 12 letter, are:

(1) Most of our JOBS trainees have been obtained via the New York City Manpower Career and Development Agency's neighborhood welfare centers. Lesser numbers have come from the New York State Employment Service centers and as bank walk-ins.

(2) In New York City, NAB combined with the Urban Coalition to form Coalition Jobs about one year ago. In combination, we have been well served. Their initial missionary effort surely was a major factor in each of the leading commercial and savings banks in New York City mounting a JOBS program, either independently or in consortium here at the New York Chapter, American Institute of Banking. Liaison with the Regional Manpower Administrator, with the NYSES, and with the city's Manpower Career and Development Agency, heretofore mentioned, has been enhanced via Coalition Jobs. And their problem solving seminars have been of good substance too.

(3) We have had an MA–4 contract and an MA–5 contract.

(4) My evaluation of the JOBS program is that it has served a timely and splendid purpose, and that it certainly continues to serve a fine purpose as we refine our hiring and training methods in the light of the experience we have gained in the past two years. JOBS' strongest point to me is the demonstration of government and profit-oriented companies making common cause, albeit slowly, to combat an insidious social cancer that besets our urban

bodies, plus its administrative simplicity. Its weakest point is that it does not, and perhaps cannot, truly attack the "hard" hard core.

(5) To date, the present downturn in the economy has had no noticeable effect on our 19-bank consortium nor on the flow of trainees to or within our program. Further cooling of the economy, unless to cataclysmic proportions, is not expected to have an adverse effect. Our present plans suggest that we will make another MA–5 proposal for several hundred trainees within the next six weeks. Thus we shall have hired, or have firm pledges to hire, over 2,000 trainees in the two years of our JOBS programs.

Additional comments or suggestions flood to mind, but in the interest of brevity, I spare you these. Suffice to say I would be pleased to provide such further answer based upon our consortium experience as you might later seek.

Very truly yours,

F. A. McMULLEN,
Executive Director.

CONSOLIDATED EDISON CO. OF NEW YORK, INC.,
New York, N.Y., March 27, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: It is a genuine pleasure for me to have this opportunity to comment on the JOBS Program and to delineate some of Consolidated Edison's experiences with Manpower Administration Programs. As you may be aware, Consolidated Edison became involved in a high school drop-out program for disadvantaged residents of our service area in 1967. This program involved approximately 100 trainees and was entirely at Company expense. With the advent of Manpower Administration Programs we have undertaken MA–3 and MA–4 contracts with the Department of Labor for 300 and 400 trainees, respectively.

As to your specific questions:

(1) In accordance with our contracts, the vast majority of our JOBS trainees have been referred by the New York State Employment Service. Other sources of referral have been the Manpower Career Development Agencies and the New York City Central Labor Council.

(2) The New York Urban Coalition has acted as a resource activity and has been successful in bringing together Manpower Administration contract holders in several seminars and forums. These have been of great interest and meaning to us as they have given us an opportunity to share our experiences with other members of industry.

(3) We have had both an MA–3 and an MA–4 contract with the Department of Labor for 300 and 400 trainees, respectively.

(4) We are most enthusiastic about our Manpower Administration Training Programs. We feel that through them we have been able to uncover a new source of manpower. As a result of what we have learned from our programs in this area, we are re-evaluating our entire employment picture.

(5) The present downturn in the economy has not had any effect on our participation in the JOBS Program. Our trainees were not hired as an "addition to force", but are a meaningful segment of our manpower planning.

I hope this will be of some assistance and I would be more than happy to contribute any other additional information you may require.

Very truly yours,

ROBERT J. MARCUS.

EASTERN AIR LINES, INC.,
Miami, Fla., March 23, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Your recent letter requesting certain information about Eastern Airlines' involvement in JOBS program has been referred to me. I am listing below the answers to the five questions that you raised as they apply to Eastern.

(1) The majority of our JOBS trainees have been obtained through the appropriate local State Employment Service office or the Concentrated Employment Program office. A few of the trainees have been recruited by my staff but have been certified prior to employment by either the State Employment Service office or CEP.

(2) The National Alliance of Businessmen has been most helpful in providing liaison with various federal agencies, providing staff assistance in the development of JOBS 70 contracts and as a source of information as to the availability of new and effective training aids. From my personal experience in working not only with national headquarters of the Alliance, but many local regional groups, I think they have done an outstanding job in obtaining the participation of American business and industry in the JOBS program. In addition, we are quite pleased with some of the special programs various Alliance groups are undertaking in the areas of youth motivation, summer work programs for disadvantaged youth, and the College Cluster concept designed to assist the predominant Black colleges in improving their total function to the extent that the graduates of these colleges will ultimately be able to compete, on an equal basis, with their Caucasian counterpart.

(3) As related to the JOBS program, our contracts with the Department of Labor have evolved chiefly in the areas of review and approval of training contracts, audit of training program and utilization of local State Employment Service agencies in our recruitment function.

(4) I am not certain that I really understand the meaning of this question, but I assume that you are referring to the NAB program generally. The greatest strength of this program, in my opinion, is the direct involvement of business and industry leaders in cooperation with the appropriate local, federal and state agencies in an exercise that has provided employment opportunities for individuals who heretofore were considered unemployable. The one weak point, which is now being corrected, is that initially

the thrust of JOBS was directed toward major employers. Now, with the expansion of the JOBS program into additional communities, the small employer who really has the majority of the jobs available is being brought into the program.

(5) The present downturn in the economy has resulted in the curtailment of hiring insofar as increasing our total work force is concerned. The major effect that this has had on our own JOBS program has been a reduction in the number of jobs committed. I do feel that normal turnover in our work force will enable us to meet our current JOBS commitment of 173 perople in the Aircraft Cleaner, Reservations Agent and Customer Services Agent categories in seven cities.

We have been very pleased with the results of our own program insofar as the work performance of the individuals have been concerned, the acceptance of the total program by our employees and the retention rate of the individuals brought into the program. None of the people employed by Eastern in this program would have been able to meet normal pre-employment standards. The training time required to bring the individuals to a job readiness standard and the additional time required on the job training has been substantial and expensive, but in our popinion, very worthwhile.

I would strongly recommend continuation of the JOBS program.

Sincerely,

R. C. COLEMAN,
Manager, Corporate Equal Opportunity Programs.

MANPOWER TRAINING CONSORTIUM, INC.,
New York, N.Y., April 8, 1970.

Re NAB ID Code 210A0216009; contract No. 3494068106.

Mr. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty,
U.S. Senate, Washington, D.C.

DEAR MR. NELSON: I will be most happy to respond to your letter of March 12th in depth, however due to the mail strike in New York City, I did not receive your letter until April 3, 1970. At my first opportunity, I shall prepare a report for you which I hope you will find informative and of some value.

Very truly yours,

MELANY KIRILUK, *Project Director.*

NEIGHBORHOOD CLEANERS ASSOCIATIONS,
New York, N.Y., March 31, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Thank you for your inquiry dated March 12, 1970 asking us for comments on the JOBS Program.

Our contract did not start until February 16, 1970 even though it had been approved by the U.S. Department of Labor in November of 1969 because we were attempting to obtain a faster pay back rate

than the 195 day pay back period provided in the contract. We were reluctant to sign for the reason that we thought that our members, the consortium participants, would be risking too much to expect the trainees, on an average, to last that long on the job. We have many years of experience in training employees for our members and we checked the experiences of employers in other industries. However, we did accept the contract with the 195 day pay back period and we have started to train employees under this program for our members.

Responding to your specific questions in your letter:

(1) Of the first group of about 50 trainees, we obtained more than half through the co-operation of TV and radio stations which gave us many free spot announcements. The other trainees came from our contacts with the state employment services, community organizations and church groups.

(2) The representatives of the National Alliance of Businessmen argued our position in a number of differences which we had during contract negotiations. They have offered to assist us in recruiting trainees. NAB has been very co-operative.

(3) Our contacts with the representatives of U.S. Department of Labor have sometimes been marked by disagreements as to the purpose of the program. They have interpreted the procedures, in our opinion, rather rigidly. We think that the purpose of the program is to train and place the number of trainees (270) for whom our members contracted through the association. Since most of our employers have few employees, they cannot wait long from the time a vacancy exists until it is filled, we need much more latitude than an employer of many employees. On their part, the U.S. Department of Labor representatives have stated that the law is designed to place a trainee as an employee of a specific employer and to have that employer retain him for at least 195 days. We will have difficulty unless the rules are interpreted to fit the employment requirements of small employers and still meet the purposes of the act to train and employ unemployed persons.

(4) Since we are just starting to train the first group, we cannot fairly evaluate the program.

(5) The present downturn in the economy is a very important added factor why we need more latitude in placing trainees. Within the present restrictions, we will fall far short of completing our commitment to train and place 270 persons. If the downturn becomes a recession, we would still be in need of qualified trained employees but fewer of them.

If we can assist your committee in any way, we would be glad to discuss the matter with you or your staff. I would also like to state that we have followed the work of the committee for some time and we support its activities without reservation.

Sincerely yours,

FRANK POLLATSEK,
Executive Director.

MERIT ENTERPRISES,
DIVISION OF ATLAS CORP.,
Brooklyn, N.Y., March 30, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: In accordance with your request of March 12th, the following represents a survey of our experiences under the JOBS program.

As an employer in the East New York section of Brooklyn, which has been classified as a depressed area, we had been experiencing a great deal of attrition in attempting to hire untrained personnel to work in our assembly plant. Among the reasons advanced for this attrition, the ones that were most probably correctable were:

1. Inadequate on-the-job training.
2. Inadequate supervisional sensibility for working with minorities.
3. Poor communication.
4. Inadequate motivation.

A fifth reason, probably as important as any of the above, was a low starting salary which, unfortunately, was not as remediable as the others. We felt that by undertaking training under the JOBS program, we might help both ourselves and our potential employees.

We received a training contract on March 3, 1969, and by May 12th we were able to start hiring and training under that contract. Since our location was in a depressed area, most of our trainees came to our plant looking for work. Their application blanks were referred to the offices of the C.E.P. or the S.E.S. for certification. In addition, of course, both the Concentrated Employment Program and the State Employment Service furnished additional individuals on their own. It is my impression that nearly all of the individuals looking for work were easily certifiable by C.E.P. or S.E.S. In the implementation of the program, with the help of American Learning Systems Co., Inc., our sub-contractor for orientation and job-related basic education, we encountered many problems especially related to proper methods of orientation, pre-training programs, curriculum for the job-related basic education, inculcation of work habits, and especially sensitivity training of our own personnel. Some of these problems were almost insuperable, but we managed to adjust and accommodate in such a way that by September we could see that the program was going to be successful. One of the most salutary results was the conditioning of our own supervisory employees in the handling of "hard-core" unemployed. Our attrition rate was almost halved and we looked forward to the development of a sound cadre of employees. We changed some of our economic planning in order to be able to afford these employees full employment. This entailed an investment in inventories during the slow season and an equalization of production on an annual basis.

There is enclosed with this letter, a copy of our letter to the Regional Manpower Administration referring to this contract, requesting an extension of time under it, which is self-explanatory, and which will answer your questions about the effect of the downturn in the economy on our prior participation in the JOBS program and our anticipated future participation.

The Department of Labor has granted us reasonably complete autonomy in the administration of the program within our plant. Outside of an occasional fact-finding survey conducted by the Department's representatives to determine that we are following certain of the criteria required in the contract, they have imposed no burdensome restrictions and reporting upon us, for which we are most grateful. We have had no real occasion to contact the National Alliance of Businessmen in the administration of the program, and as such, we would be unable to express an opinion on the effectiveness of their assistance.

The strongest point of the JOBS program, it seems to us, is the availability of government assistance, which enables medium-sized businesses to conduct a more patient and more comprehensive training program than would be otherwise possible. Its greatest weakness, which is easily discernible in retrospect, is that it does not guarantee a continuance of employment and, therefore, variations in the economy can undo the entire effect of the program and perhaps even create a larger problem than existed before. An individual who has placed his faith in the possibility of full employment and has worked assiduously toward retraining to this end, is most severely disheartened when he is returned to the ranks of the unemployed, and it seems to me that such an individual could easily become less amenable to undergoing the process a second time. The economic downturn which we have experienced has deprived the JOBS program of its effectiveness and, therefore, has insufficiently compensated both the government and industry for the monies and effort spent thereon.

Nevertheless, as we expressed in our letter to the Department of Labor, since we feel that the program could be most beneficial to the individual and to the company, we are willing to try again this fall. We have every hope that the economy will improve sufficiently so that we will be able to continue the employment of those people hired under this program.

If there is any further information which you desire, please do not hesitate to write and we will certainly give it our immediate attention.

Very truly yours,

SEYMOUR LEFFERT,
Executive Vice President.

MERIT ENTERPRISES,
DIVISION OF ATLAS CORP.,
Brooklyn, N.Y., March 30, 1970.

Reference: Contract No. 34-9-4003-000 dated March 3, 1969. NAB ID# 210 E 0216 1251

REGIONAL MANPOWER ADMINISTRATION,
U.S. Department of Labor,
New York, N.Y.

GENTLEMEN: This contract has a completion date assigned to it of March 2, 1971. As of February 28, 1970, there is $245,273 unexpended on this contract, and in accordance with our reports, only 33 employees were still employed by us, with the likelihood of another lay-off at the end of March, which would eliminate the last of the employees originally hired.

This situation is most disturbing to us. We originally entered the MA4 program in order to afford gainful employment to disadvantaged

individuals living in areas contiguous to our location, and, at the same time, to build for ourselves a cohesive trained work force with a minimum of absenteeism and a maximum of efficiency. In our opinion, with the help of our educational sub-contractor, we were proceeding well along the road toward this goal. Both the government and ourselves shared in the expense of training, counselling, and educating people who were certified to us through the various government agencies. We had adjusted our entire production program so that we would built inventory during the slow season in order to maintain even productivity throughout the year, and thus minimize the necessity for either lay-offs or large, relatively unproductive, hirings. There were many pitfalls along this road and it was a very expensive procedure for us to learn the best way to administer such a program.

In November of 1969, our receipts of orders were cut back very strongly and this fall-off has continued unabated through December, January and February, and presently into March. We built for inventory during November and through December, hoping for an upturn in business which would obviate the necessity for a production cut back. No such upturn has come and our projections along with that of many economists are for a continued downturn for the balance of this year. This weakening in the economy which has been coupled with or caused by a "tight-money" situation and a tremendous rise in interest costs, made it imperative that we cut back our industrial production. Naturally, those employees with the least seniority, representing all who had been added under the MA4 program, were let go first. Of course, we referred all of these people to free employment agency services in our area, and we have every hope that some of the people at least have been able to obtain other employment. It would be most discouraging for us to feel that the gains we have made through employment of "hard-core" individuals should be totally lost by their inability to find other work.

We have every hope that, starting after our vacation period in July and continuing through September, we will have to add new employees to our staff and while, of course, we will be calling back any of the older employees who will be unemployed at that time, it is our opinion that most of them will not be available to us.

Since we consider that the training program instituted under the MA4 program could be most beneficial to the individual and to this company, we would like to take it up anew and continue its use with the new employees put on this fall. It will, however, be impossible to complete the on-the-job training and the job-related basic education contemplated in the program by March 2, 1971, at which time our present contract expires. We do not desire any additional funding beyond the amount remaining in the current contract we have.

We respectfully request an extension of time until December 31, 1971, so that we may be able to offer to the disadvantaged a similar opportunity in the fall of this year, with the hope that the economy will improve sufficiently so that the end result will be a trained work force receiving steady employment.

Very truly yours,

SEYMOUR LEFFERT,
Executive Vice President.

FLOYD B. MCKISSICK ENTERPRISES, INC.,
New York, N.Y., March 25, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, Senate Office Building, Washington, D.C.

DEAR MR. NELSON: As President of the Metropolitan Human Resources Consortium, Inc., we wish to acknowledge receipt of your letter of March 12, 1970.

Be advised that we will be happy to testify in early April at the Senate Subcommittee Hearing on Employment, Manpower and Poverty on Senate Bill 2838. The five questions raised by you we will be happy to answer at that time. April 13 or 14 would be suitable days for me to give such testimony as might be desired by your Subcommittee.

We would appreciate your sending us a copy of the Senate Bill 2838 at your earliest convenience.

Yours very truly,

FLOYD B. MCKISSICK.

METROPOLITAN LIFE,
New York, N.Y., March 31, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: In accordance with your request of March 12th, I am happy to be able to inform you that our experience with the JOBS program has worked out extremely well. On the whole we are quite pleased with the results that we have been able to accomplish in working with the hard-core disadvantaged.

In response to your specific questions:

(1) Our JOBS trainees are referred to us by the New York State Employment Service, the Concentrated Employment Program and the Manpower and Career Development Agency.

(2) We have worked very closely with the National Alliance of Businessmen. Several of us have, at various times, worked on their committees. This was helpful in the early days of our program and we, of course, have continued to keep in touch with their activities.

(3) Our relationship with the Department of Labor has been most cordial. We are in frequent contact with them and my associates advise me that the amount of "red tape" is kept to a minimum.

(4) Based upon our experience and what I have heard from others, this program is performing a valuable service to the community. In addition by qualifying people for employment, it is helping us and others to offset, at least in part, the prevailing shortage of clerical workers in New York City.

(5) The current downturn in the economy has had no effect upon our participation in the JOBS program. We do not, at this time, anticipate a need to curtail because of a downturn in the general level of business activity.

I sincerely hope that your Employment, Manpower and Poverty hearings are successfully concluded.

Yours sincerely,

W. W. PECK, *Vice President.*

PAN AMERICAN WORLD AIRWAYS,
Jamaica, N.Y., April 2, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington D.C.

DEAR SENATOR NELSON: In response to your letter of March 12, 1970, we are happy to answer your questions relative to our experience with our MA–3 JOBS program as follows:

1. Our Manpower Administration Contract required eligibility certification by either the State Employment Service or the Concentrated Employment Program. Applicants were referred to these agencies by various local community organizations for certification and referral to Pan American. There was considerable evidence that the screening process at the Employment Service and CEP level was superficial and not predictive of applicant success in our program.

2. The NAB conducted seminars and discussions with us prior to the commencement of our MA–3 JOBS program. However, once the contract was signed with the Department of Labor, we required no assistance from the NAB.

3. The only contacts we have had with the Department of Labor were in the negotiations surrounding the original contract and its revision. We give the Department a monthly status report and billing by mail.

4. The program's strong points can be found in its goals. It did provide a strong, positive, realistic approach to providing a means for the disadvantaged to better their living standards. Secondly, it provided a motivation for starting a long range process of training for eventual up-grading.

The program's weak points included the following:

(*a*) The absence of provisions for extended training for up-grading, a limitation eliminated in subsequent Manpower Administration contracts.

(*b*) The absence of background information as a guideline for selection and training of trainees.

(*c*) Inadequate time to teach trainees academic subjects and to change deeply ingrained attitudes toward the world of work. Most supervisors feel that six months vestibule training would be the minimum amount of time needed to make a productive worker.

5. The downturn in the economy has caused a reduction in force of about 2,000 employees of whom approximately 60 were MA–3 JOBS trainees and has precluded any consideration of MA–4 and MA–5 contracts.

We hope the foregoing is of service to you. Should you have any further questions, please do not hesitate to call on us.

Very truly yours,

HORATIO S. HILL,
Personnel Supervisor.

The replies of the IBM Corp. are on record in the transcript of the visit made by the subcommittee to the Washington, D.C., JOBS training center operated by the IBM Corp. The views of Social Research Corp. were communicated verbally, and will appear in later testimony.

Replies were not received from Buffalo Niagara Corp., Buffalo, N.Y.; Joint Advancement Council, New Hyde Park, N.Y.; First National City Bank, New York, N.Y.; Supermarkets for Progress, New York, N.Y.; Schenectady Chamber of Commerce, Schenectady, N.Y.; and Chamber of Commerce of Syracuse, Syracuse, N.Y.

Ohio

GREATER CINCINNATI CHAMBER OF COMMERCE,
Cincinnati, Ohio, March 24, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: I received your letter requesting information in regard to the JOBS Program.

In regard to your first question, most of our trainees, in fact I would say 99 percent, come from our designated target areas.

Your second question relates to the assistance we have received from the National Alliance of Businessmen. To date, cooperation by the National Alliance of Businessmen has been excellent. The Greater Cincinnati Chamber of Commerce is presently the Prime Contractor for the MA–4 Consortium, and we are working very closely with the National Alliance of Businessmen.

We have had the opportunity of meeting with Mr. Paul Kayser, National President of the National Alliance of Businessmen, who visited our city and talked to several of our businessmen, encouraging them to continue to participate and to provide jobs for the hard-core disadvantaged.

Third, our contracts with the Department of Labor have been good. They have been cooperative in making modifications where we had to delete some companies and add new ones. Flexibility, based on changes that may develop within our business communities, is extremely important ot the success of job training efforts; and we do encourage even greater recognition by the Department of this essential program characteristic.

I feel that this program needs more support by the President of the United States, either in a report to Congress or in a report to the citizens of this country that he, as Chief Executive of our country, strongly endorses the National Alliance of Businessmen Program.

There seems to be grave concern on the part of some of our businessmen about the economy of this country; therefore, they are not

hiring as we would expect them to hire under normal circumstances. They are expressing grave fear of a recession.

I have worked with the National Alliance of Businessmen Program since its beginning in 1968. There is not the strong leadership coming from Washington that I would like to see which would keep before the public eye that, to date, of all the Manpower Programs that we have, the National Alliance of Businessmen Program is the one that has most penetrated our unemployment ranks and has been most meaningful to the poor of our community.

Fifth, in regard to the MA–4 Consortium that the Greater Cincinnati Chamber of Commerce is presently operating, we are feeling the effects of the downturn in the economy, and I made reference to this when I mentioned that the Department of Labor gave us assistance in the modifications we have had to make in filling our commitments of jobs. We have lost jobs and companies, based on this downturn. If this continues, we will not be able to fulfill our commitments for the total number of jobs we were funded to fill.

I hope that I have been able to provide you with some of the problems we are having in our city. I am sure, Sir, from the comments that I have made that you fully realize the National Alliance of Businessmen Program, as I see it, needs your help and the help of others like you who are concerned about the welfare of our country.

Sincerely yours,

ROBERT A. BOWEN,
Director, Human Resources Development.

REPUBLIC STEEL CORP.,
Cleveland, Ohio, April 1, 1970.

Mr. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower and Poverty, U.S. Senate, Washington, D.C.

DEAR MR. NELSON: In response to your letter of March 12, 1970, concerning the hearings on S. 2838, the Administration's proposed Manpower Training Act, we welcome the opportunity to share our experience under the JOBS program with your committee.

As a matter of background information, we have signed three Department of Labor contracts since August, 1968—MA–3, 4 and 5, covering our Cleveland, Buffalo, Chicago, Warren, and Canton steel plant locations. In this year and a half we have learned that several aspects of the program are vitally important. In order of importance I would rank them: one-on-one counseling, the Buddy System, good administration at the plant level, and off-the-job training.

A lot of new agencies have recently been established to help the hard-core unemployed, but in spite of the sincerity of their efforts, they are only scratching the surface. The disadvantaged cannot be handled as a group. They are individuals with individual problems, and the only way these problems can be solved is thought one-on-one counseling.

We had the first working industrial Buddy System in the nation. One of the most effective tools to a good retention rate is a new employee's glimpse of the paycheck earned by a buddy who has been with the company a few years. The feedback to the community from this alone is one of the best recruitment campaigns that money can buy.

By utilizing the government contracts a company can conduct a more extensive program than it can on its own without them. It should be remembered that each new employee hired, trained and retained through one of these government programs becomes a taxpayer and consequently the government, in turn, is reimbursed for some of the costs of the programs.

Your specific questions are answered as follows:

(1) *Where have you obtained most of your JOBS trainees?* The majority of trainees have been referred to us by the State Employment Service. We have obtained relatively few from the federal CEP organizations such as AIMS–JOBS in Cleveland or Jobs Opportunities in Chicago. However, this should not be taken as a criticism of these frederally funded organizations. It has been our experience that they have been more helpful to the small employer in the recruiting and training of the hard core, whereas the larger companies such as ourselves have our own recruiting and training mechanisms which allow us to function much better on our own. Localized publicity through neighborhood opportunity centers about our programs and more importantly, "word of mouth" have resulted in hard-core trainees making application directly to us. This has also occurred through personal contact via our personnel involved in the MA program, both the administrators and the "buddies." In all instances, i.e., direct application to the company, we have outlined our program to the applicant and referred him to CEP for proper certification and processing.

(2) *What kinds of assistance have been furnished to you by the National Alliance of Businessmen?* The National Alliance of Businessmen has assisted us greatly through the lending of films, technical equipment, and necessary visual training materials. They have also cooperated with us administratively, such as in our Detroit, Michigan, consortium agreement. Further, they have been a good source of referring our program administrators to existing community resources, helpful to successful supportive services for the trainees.

(3) *What kinds of contacts have you had with the Department of Labor?* On occasion our program at the plant level has been visited by U.S. Labor Department personnel. There has been constant review and interchange of ideas pertinent to successful programming. The Cleveland District representative for the U.S. Labor Department is in constant touch with our program. In addition, the Department of Labor has been most helpful in the negotiation of our MA contracts. However, they are restricted through what appears to us a very tight set of guidelines and rules. For instance, if we have been funded on a national contract for 60 training slots at the Canton Plant and 60 slots at our Cleveland Plant, there is a great deal of paperwork and clearance in say transferring 30 slots from our Canton Plant to Cleveland or vice versa. While the Department has been agreeable to such changes, the accompanying paperwork and clearance adds to our problems in administering the program.

(4) *What is your general evaluation of the program, particularly its strongest and weakest points*? Obviously there have been many serious problems connected with the training and employment of the hard core. In a general evaluation of the program, on balance,

I would rate the program a successful venture. The fact that our national retention rate at Republic Steel among the hard-core hires is about the same as for our other new employees proves this point. One of our program administrators who has held jobs in numerous government agencies dealing with the hard core and who joined our staff on August 1, 1969, said this: "I feel that the qualitative successes of the JOBS Program are immeasurable. As one who has worked on several manpower and poverty program projects, I can say with authority that the JOBS concept is, by far, the most effective. Our corporation is doing a vastly significant job in the areas of race relations, supervisory training, and motivation of the hard-core (ofttimes militant) unemployed into useful citizens."

The obvious strong point of the program(the main reason for its inception) centers around the Company's ability to determine the training scheme which it thinks best applies. Through this vehicle we are not required to perform training which has little or no practical application to the jobs available. Of course, the provision that the trainee must be an employee from the first day should be retained and is critical to the program from the employee's standpoint. In fact, with respect to the Spanish American hard core, their main concern was "Is this another training program or are actual jobs available?"

The weak points are as follows:

(A) There is some difficulty on the part of the certifying agency to understand our program which is specifically designed for the steel industry.

(B) Referring agencies have difficulty providing to us a specific number of people (15 to 25) in a short period of time (3 to 5 days) in order that the trainees may be started in a group or class.

(C) The method of funding is burdensome. From our standpoint the ideal and much more efficient method of funding would be to have our program negotiated and approved by the Department of Labor but we would prefer to be reimbursed through a tax credit mechanism rather than the present set-up. This would give us more flexibility as to the number of trainees to be placed and their timing as to their job entrance. We also feel that the same concept of tax credit should be extended to the problem of skills upgrading among the workforce. This same concept should extend to other present minority groups who might not be classified as hard core, especially Spanish Americans. We do have a number of Spanish Americans in our hard-core training program who have an excellent record with us.

(5) As you know, the steel industry is a cyclical industry and this was an important fact in our consideration on whether or not to participate in the MA contracts. Realizing that the layoff system is an integral part of the American economy we felt the hard core should be exposed to the problem. Accordingly, we do give special counseling for anticipated layoffs. In recent months we have been forced to lay off some of the trainees, mostly in our plants at Canton and Cleveland. Trainee positions which we had anticipated filling in the abovementioned locations will probably

be transferred to our Chicago Plant in order to hire the number of trainees our contract calls for.

In the event that business conditions warrant extensive layoffs in our steel plants, the MA trainees are subject to layoff in the same manner that any other employees are, and layoffs deep into the workforce would result in the curtailment of all program activity (on-the-job and job-related training).

At the current time we anticipate submitting a proposal for an MA–6 contract for only our Chicago operations. If business conditions in Chicago suffer from current economic pressures, we would, of course, not submit a contract for MA–6.

If we can be of any more assistance in describing our program and our successes with the hard core, please feel free to contact me.

Very truly yours,

R. C. FISHER, *Assistant Director.*

DAYTON AREA CHAMBER OF COMMERCE,
Dayton, Ohio, March 31, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: With regard to your letter concerning the Dayton Area Chamber of Commerce Consortium (MA–3 contract with the U.S. Department of Labor) my reply to your questions is in the order outlined in your request.

(1) We have obtained most of our trainees through the cooperation of the local State Employment Service Office. We recruited from the Concentrated Employment Program as best we could, when they were operating, but generally found them lacking in administrative ability and failing to produce on many occasions. Still, the effort was made on a continuous basis. We were very very pleased with the cooperation we received from the State Employment Office—they were reliable and made a sincere effort to assist in many more ways than just recruitment.

(2) NAB also offered tremendous assistance. Use of their mailing list, staff and office space was always available. We could not have gotten along without them. Their control systems and reporting procedures were very beneficial.

(3) This was our first contract held with the Department of Labor.

(4) Programs strongest points: Elimination of barriers to employment—testing, stringent physicals, criminal records, relaxing of union requirements, supportive services such as on-the-job follow-up, etc.

Programs weakest points: Twenty-four month contract too long, did not recognize problems with training sub-contractor—expenses incurred here could not be recovered adequately if a job became vacant from time to time. Billing forms and persons to report to changed to often—get one procedure going and then it changed. Contract was not flexible enough to allow for a particular local situation. Also, there is too much duplication of similar programs—CEP, Model Cities, MDTA, etc.—it presents

competition among organizations trying to accomplish the same purpose. JOBS 1970 proposals have attempted to eliminate some of the things mentioned here but I feel more has to be done. For example:

(5) The present downturn, as you describe it, has an effect on a contract such as this, especially when reimbursement is on a per diem basis. Employers are fearful to risk, let's say, $1,000.00 in training during the first eight weeks, then go into a slow period where employment levels cannot be maintained; therefore, losing their ability to recover costs. Union controls prohibit, in many cases, the employer going that step further with the disadvantaged. During a period of economic prosperity the JOBS program has a lot in its favor; during a cooling off period the employment situation follows the same trends, JOBS program or not—its survival becomes much more difficult.

Our contract was for 541 persons and is scheduled to terminate September, 1970. To date we are still maintaining a 64% on-the-job retention rate.

Sincerely,

WILLIAM M. KENDELL,
Director, Dayton Area Chamber of Commerce Consortium.

Oregon

THE ALBINA CORP.,
Portland, Oreg., March 25, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: In response to the letter from your subcommittee dated March 12, 1970, we desire to submit the following information.

(1) We have obtained the vast majority of our JOBS trainees from the Concentrated Employment Program (CEP) and from the State Employment Service (SES). On occasion we have had people walk in off the street and these persons are immediately referred to CEP or SES to be certified, under the JOBS program.

(2) The National Alliance of Businessmen have been very diligent in attempting to get us to live up to our pledges. We have not yet utilized some of their particular services, but we understand that they have a staff available to write up a JOBS program for any business. They have done periodic surveys as to the number of trainees we have hired.

(3) We have had numerous visits from the United States Department of Labor both on administrative matters as to how to maintain the accounts and records and in auditing our invoices. Interviews have been conducted with our trainees and the instructors and the Labor Department people were quite helpful in advising us as to the change in our commitments and in taking advantage of other programs. For example, we shifted our MA–3 program to a Test Cities program.

(4) I would evaluate the program very highly in its efforts to obtain commitments and cooperation among local businessmen,

and particularly its cooperation with the CEP. I do feel, however, that the trainees could benefit from a longer period of orientation in an effort to change some attitudes about work habits and motivation. The commitment of management to hire JOBS trainees and to insure that they are trained is only part of the job. CEP, NAB, JOBS, or other programs can do a great deal more in preparing the individual for the world of work.

(5) The current down turn in the economy has prevented us from meeting our commitments because anticipated work is not being made available to our customers. Although this company has continued to hire people over the past several months, we are doing so at a much slower pace than we had anticipated. A further cooling of the economy would further restrict our participation.

A particular problem having to do with The Albina Corporation stems from the fact that we are a minority enterprise operating as an experimental effort to train predominantly the unskilled, therefore, we have committed ourselves to train up to 90 percent of our productive work force. While these trainees are included under our JOBS commitment, we find that the reimbursement formula does not begin to compensate for the extra effort, the wasted materials and time that must go into training. Keep in mind that the normal rule is that industry may train up to 25 percent of its employees, that rule was waived for The Albina Corporation and we believe that the reimbursement formula is designed to work within the 25 to 75 percent ratio and not the 90 to 10 percent ratio that we have. Accordingly, training is a very costly operation to us.

If you have questions or desire further information on this point, please do not hesitate to contact us.

Very truly yours,

MAYFIELD K. WEBB, *President.*

Pennsylvania

BETHLEHEM STEEL CORP.,
Bethlehem, Pa., April 6, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: In your letter dated March 12, 1970, you indicated that the Senate Subcommittee on Employment, Manpower and Poverty, of which you are Chairman, is holding hearings on S. 2838, the Administration's proposed Manpower Training Act. Specifically, you requested our comments on how our JOBS contracts have worked out in practice.

The information set forth below is based on our experience with JOBS/MA Contracts involving approximarely 1,000 trainees. We received a separate letter from you for each of our contracts. Since all contracts were administered by this office, we would appreciate your considering this letter as a combined reply covering all our contracts.

(1) *Where you have obtained most of your JOBS trainees.*—Most of our JOBS trainees for our Sparrows Point, Maryland, Steel Plant and Shipyard, were obtained through the cooperation and services of the Concentrated Employment Program (Baltimore) and the Maryland State Employment Service. Our Burns Harbor, Indiana, Steel Plant obtained most of its trainees from the Indiana State Employment Service (Gary and Michigan City).

(2) *What kinds of assistance have been furnished to you by the National Alliance of Businessmen.*—We have worked for the most part, with the U.S. Department of Labor, Manpower Administration (DOL–MA), the contractor, concerning our JOBS contracts. The National Alliance of Businessmen (NAB) has not been involved in our contractural proceedings. NAB has, however, contributed greatly in making the general public and businessmen aware of the JOBS/MA Program and encouraging employer participation. We believe the most successful government program to date for alleviating "hard core" unemployment is the JOBS program initiated by the National Alliance of Businessmen.

(3) *What kinds of contacts you have with the Department of Labor.*—In general, our contacts with the DOL–MA have been satisfactory. By way of constructive criticism, however, we believe that the administrative details involved with the negotiation and award of a JOBS contract should be streamlined. In addition, it would simplify matters if DOL–MA would provide contracting companies with a single contact for coordinating requests for material, information, and interpretation of policy matters.

(4) *What your general evaluation of the program is, particularly its strongest and weakest points.*—The JOBS Entry Program is, generally, satisfactory in its present form. However, the JOBS Upgrading Program would require modification in the basic guidelines. As the guidelines are now stated, employers who wish to participate in the JOBS Upgrading Program are required to (1) guarantee trainees a ten percent increase in wages upon completion of the upgrading training and (2) guarantee the trainee the job for which he is training upon completion of the training. The above-mentioned guidelines, because they do not take into consideration seniority provisions in applicable labor agreements governing promotion, demotion, layoff and recall of employees, make it difficult or impossible for many companies to participate in the JOBS Upgrading Program.

(5) *Most importantly, what effect the present downturn in the economy has had on your participation in JOBS, and what likely effect further cooling of the economy would have on your participation.*—The present economic conditions have caused us to delay starting JOBS contracts at several of our operations and could possibly affect the entire Entry JOBS Program.

Because the majority of the JOBS trainees have not acquired substantial lengths of service for job security purposes, a cooling of the economy would be quite detrimental to them because they would be among the first to be laid off.

We sincerely hope that the information provided herein will be of use to your committee during the hearings on S. 2838. If we can assist you further, please let us hear from you.

Sincerely,

B. C. BOYLSTON,
Manager of Personnel and Management Development.

BURROUGHS CORP.,
Paoli, Pa., March 25, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Burroughs Corporation is pleased to respond to your letter of March 12, 1970 wherein you solicited our comments relative to the JOBS program in conjunction with your subcommittee's hearings on S. 2838, the Administration's proposed Manpower Training Act.

As a matter of general information, the Burroughs Corporation, with corporate headquarters in Detroit, Michigan, entered into a national contract on April 28, 1969, under the MA–4 Program, with the Department of Labor (through the Regional Manpower Administrator, Region V, Chicago, Ill.) for the training of 195 employees for our Detroit Plants and 270 employees for our plants in Pasadena, California.

We were fortunate in assembling a uniquely and fully qualified training staff from former members of our Omaha Women's Job Corps Center, which was just in the process of closing out at the time the MA–4 contract was awarded. Thus, we had a staff that had been intimately involved for four years with the problems of the disadvantaged, and who fully understood the proper approach to make the JOBS program work. This understanding of the problem prompted us to use facilities away from the plants for preparatory training, such as orientation, job-related basic education, life skills, consumer education, preliminary basic skill training, etc. Although conducted in a partial plant atmosphere (timeclocks, work benches, tools, and production procedures) this separated training prepared the trainee to adapt to plant environment. This concept also allowed the staff to give corrective attention to those personal factors requiring remedial action before trainees were considered fully qualified for working in a plant atmosphere. Our training program in Detroit was unique in that it was the only MA–4 contract in the city that trained only women for electronic assembly related work. It has been a very successful program since the attrition rate in the plants (after completion of training in the training center) has been less than 8 percent. The Pasadena program (for both men and women) has also been considered successful although its attrition rate is higher than Detroit but less than that experienced in the normal JOBS program—despite the fact that our trainees are relatively younger and the California population notably migratory in nature. For your information, a profile compiled from statistics on the trainees hired for the JOBS program in Detroit is attached.

In reference to your specific inquiries it is appropriate to answer your last question first as it may clarify subsequent matters. Changes in production schedules for an individual plant may change for various reasons, none of which we believe can be isolated separately or be based entirely on the existing state of the economy. However, suffice to say that when the MA–4 contract was negotiated in the spring of 1969, the conservative number of trainees contracted for was based on personnel strength projections for future plant operations in an economy anticipated at that time.

In Detroit, plant schedules had to be revised to the extent that NAB training had to be discontinued in December, 1969. At that time, 102 employees had been trained of the 195 contracted for under JOBS; 94, or over 92 %, of these are currently still on the plant payrolls. However, at this writing, a significant number of these employees are on a temporary lay-off; undoubtedly part of this rather bleak picture is brought about by the economic slow-down. Should there be further cooling of the economy it may force manpower cuts in the plants which would undobutedly affect the JOBS employees. The JOBS employees would be the first released since they, in general, are the most recent hires.

In the Pasadena plants, work re-scheduling occurred to the extent that since last December the rate of hiring of JOBS trainees has been drastically reduced. This resulted in a need to decrease our training staff and, virtually precluding any possibility of training (and being reimbursed for) the number of employees for which we had contracted within the contract period. Currently, approximately 120 NAB employees are in plant or in training at Pasadena. Current predicted needs indicate that not more than 180 employees (of the total of 270 contracted for) can be trained under the existing MA–4 contract, unless this contract could be extended. Should there be any further cooling of the economy, it is possible that training may have to be eliminated or further curtailed. Lay-off of the JOBS employees at Pasadena does not appear imminent.

In reference to your other specific questions:

(1) *Where have you obtained most of your "JOBS" trainees?* At Detroit the JOBS trainees were obtained from the inner-city, the majority within five miles from the center but as far removed as fifteen miles. All were secured through the Michigan Employment Security Commission through four STEP centers. All were certified by MESC as to eligibility and met requirements set by DOL and NAB. At Pasadena the majority of the trainees came from the vicinity of northwest Pasadena; the remaining from East Los Angeles and other cities within a fifteen mile radius. Local recruiting was implemented at times to supplement lists available at the state employment security office; however, all were certified by and processed through the state employment security office before being hired for the JOBS program.

(2) *What kinds of assistance have been furnished you by the National Alliance of Businessmen?* The NAB furnished our Detroit training center with printed materials and films that were useful in establishing basic training background to our instructor staff; representatives also participated in the sensitivity training program which involved in-plant supervisory personnel. In Pasadena, various forms were obtained from NAB. In all instances, the relations were most amicable

and NAB representatives were most willing to help in any way they could.

(3) *What kind of contact have you had with the Department of Labor?* Since ours is a national contract, practically all contact has been with the office of the Regional Manpower Administration, Region V, Chicago, Illinois. Relations have been extremely good, with a most cooperative attitude displayed by DOL representatives. One visit to the Detroit Center was made by a District representative which, we believe, was well received. Since the close of the center, there have been several telephone contacts with the Detroit District and, of course, occasional telephone discussions between our contracting personnel and Region V. We have also attended JOBS conferences in the Philadelphia and Los Angeles area where previous contact with local and regional DOL representatives was renewed.

(4) *What your general evaluation of the program is, particularly, its strongest and weakest points.* Strongest points: The program feature of "hire first and train" attracts those who have a sincere desire to have and to hold a job; it gives them an immediate sense of "belonging" which, undoubtedly, is the prime reason that some trainees can be retained.

The prerogative of contractors to screen potential trainees and to reject those not capable of performing avoids taking on those people whose hopes could be raised on promises that could not be kept.

The freedom of contractors to train in the way they see best fit (we feel that the use of a separate facility to conduct all preparatory training, coupled with a fully qualified staff, is the key to a successful JOBS program).

Weak points: The contract time limitation will cause a serious impact on the program if the state of the economy necessitates curtailing training to slower rate of inputs.

Transportation still presents occasional problems. During preparatory training and daylight workshifts those trainees not having cars are able to use public transportation or get into car pools. However, subsequently, some are required to go on night-shift when there is no public transportation available and car pools are harder to form. In such instances, it would be helpful if the trainees could receive some assistance toward the acquisition of a car, e.g. reduced interest rate, low down-payment or a government backed loan.

The current policy of allowing a contractor 25 percent additional payment if the trainee leaves for positive reasons (acceptance of higher paid job, back to school, etc.) is good; however, the contractor is currently peanlized if the trainee leaves for other resaons beyond the control of the contractor (e.g., moved from area, sickness or death in the family, personal problems, pregnancy, etc.) for which some reimbursement or other consideration should be allowed.

"We feel that JOBS program is an extremely good one although it has only begun to cover the needs of the underemployed and unemployed in large cities. We have found that the MDTA training centers, although generally performing a good service, cannot really give the type of preparatory training that an industry, large or small, needs. Consequently, rather than requiring industries to give full consideration to the use of skill center facilities for providing job related education instruction, there should be the freedom to utilize the facilities and services of an on-going successful JOBS program for preparatory

training to fulfill the needs of small organizations. The requirement to enter into a consortium with small companies for this type of training does not appeal to large industry. Instead, DOL, could finance this preparatory training directly with a successful program.

There is a possibility that the economy will result in the need to curtail the rate of training in terms of numbers of trainees. To overcome this problem and still train the number of trainees for which contracted, a reasonable solution would be to extend the period of existing contracts for an agreed-upon length of time and to allow training be accomplished for any category as long as the trainee's entrance salary (during training and upon entering the job for which trained) is equal to or higher than that specified in the contracts.

We sincerely hope the above information will assist in the deliberations of the subcommittee and, again, wish to express our appreciation in being offered the opportunity to express our views.

Very truly yours,

MIKE B. DAVIS,
Manager, Education Systems Activity,
Field Support Organization.

PROFILE OF THE HARD CORE UNEMPLOYED, DETROIT NAB TRAINING CENTER

This profile was compiled from statistics available on the first 119 trainees who were employed in the Detroit NAB Training Program.

The average age of the women trained in Burroughs Detroit NAB Project is 32.4 years of age (the range is between 21 and 51 years of age). She will weigh 141 pounds and the average height will be 5'4". Within the home, we will find between one and 10 children under the age of 19 with an average of 2.2 per home which is the approximate national average in poverty areas. However, it should be noted that many of our trainees have children over 19 who have their own families.

Thus far, the majority of the 119 NAB employee/trainees have come from the inner city of Detroit. The greater number of them are living in substandard housing that costs them between $80.00 and a $100.00 a month. Twelve percent of the 119 are in the process of buying their own homes. Nine percent are living with their parents or some other close relative. Seventy-eight percent rent their home or apartment.

One of the major difficulties encountered by the Burroughs NAB trainee is transportation to and from the plant and especially the Plymouth Plant in Plymouth, Michigan. Of the trainees so far trained, 25 percent of them owned their own automobile or had access to one in the family. Most of these automobiles do not prove to be reliable and are therefore more of a hindrance than a help to good attendance. Seventy-five percent of those trained must rely upon the public transportation system.

Only in 8 percent of the households of trainees involved in Burroughs NAB Program is there a husband and father as the head of the house. The following figures tell the story: Separated, 49 percent; divorced, 19 percent; widowed, 6 percent; married, 8 percent; and single, 18 percent.

The employee/trainee within the NAB Training Program will have an annual income below the poverty level. The average income will

be $2,328.00 for the past twelve months. Of the total number who have entered the NAB Program, 37 percent are receiving or have received in the past twelve months, Aid for Dependent Children. Sixty-three percent have sustained themselves below the poverty level by low paid, part time, unskilled unemployment.

A surprisingly large number of Burroughs NAB trainees have completed high school. The breakdown is as follows (grade completion): 12th, 42 percent; 11th, 25 percent; 10th, 17 percent; 9th, 12 percent; 8th, 3 percent; and 7th, 1 percent. Fifty-eight percent of those trained are school dropouts.

We have found through the use of the Adult Basic Learning Examination that the trainee is acquainted with some of the basic processes of arithmetic. However, she will have forgotten her multiplication tables and will not be able to work fractions or decimals. Since she has forgotten or perhaps never memorized her multiplication tables, she will not be accurate in multiplication or division and is prone to make simple mathematical errors.

Her written English is extremely poor and she will have considerable difficulty in expressing herself in writing. This no doubt is due to her limited use of words and especially her ability to spell. The trainee however will do exceptionally well in verbal expression.

These are some of the statistics and characteristics we have found to be true of the hard core unemployed that have entered the Burroughs NAB Training Program.

In contrast to the foregoing statistics, note that of the 78 employee/trainees in the plants the week ending October 26, 1969, not one of the 78 was absent from work; and, the average paycheck for the week was $142 with salaries for the group ranging between $126.40 and $191.00.

GREATER PHILADELPHIA CHAMBER OF COMMERCE,
Philadelphia, Pa., March 30, 1970.

Hon. GAYLORD NELSON,
Chairman, Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: This is in reply to your letter of March 12, 1970, requesting comments on our JOBS contract.

(1) The majority of the Consortium trainees have been obtained through the Concentrated Employment Program. In addition, substantial numbers have been referred as the result of recruiting by the Pennsylvania State Employment Service and by the training subcontractor.

(2) NAB assisted with enlisting employer members of The Consortium, with orienting employers to the program, and with resolving technical and procedural problems which developed during the program.

(3) Contacts with Department of Labor have been almost entirely constructive and pleasant. DOL staff has contributed greatly to an effort to get disadvantged people hired and trained, carrying out its governmental obligations while recognizing the real needs and problems of participating employers.

(4) The program fell short of expectations, partly as the result of a combination of local circumstances and partly because of the difficulties inherent in a complex new program dependent on many diverse organizations. The program's weakest points were its initial recruiting and job related education performance. Its strongest points are the quality of training which was ultimately developed and the recognition by employer participants that hard-core unemployed persons can be successfully recruited, trained and employed.

(5) Cooling of the economy has softened the local manpower market, alleviating the manpower needs of employers who might participate in JOBS. Further, cooling of the economy will make it increasingly difficult to continue or extend a program such as The Consortium operation. There are two reasons: One is that employers in a soft manpower market don't need this kind of program to the same degree in order to meet their manpower needs; and, the other is that the governmental and political climate in which the cooling off has occurred has communicated less and less urgency about coping with problems of employment for disadvantaged persons in urban areas.

However, the JOBS Program should be continued. It has produced excellent results in terms of getting hard-core unemployed persons successfully at work and in terms of enlisting the involvement of business in pressing—and still largely unresolved—urban problems. If nothing else, its continuation will offset some of the potentially adverse effects of the cooling.

If you require additional information, please do not hestitate to let me hear from you.

Thank you for this opportunity to express our comments.

Sincerely yours,

SAMUEL W. SEEMAN,
Chairman, Manpower Council.

PROGRESS AEROSPACE ENTERPRISES, INC.,
Philadelphia, Pa., March 27, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Thank you for allowing me the opportunity to comment on the MA–3 Training Program in which my company engaged.

First of all, since Progress Aerospace Enterprises, Inc. (PAE) enjoys a close affiliation with Opportunities Industrialization Center (OIC) through our Chairman of the Board of Directors, Reverend Leon H. Sullivan, most of our trainees were obtained from OIC. Others came from CEP (Concentrated Employment Program), State Employment Service and walk-ins.

PAE designed a most unique training program which used the combined efforts of PAE cadre, General Electric Company, The Boeing Company and OIC. The results of these efforts were most gratifying in meeting the major objective—that of training in a

marketable skill. Many of us are wiser for the experience—including of course, PAE, OIC, GE and Boeing.

The National Alliance of Businessmen offered every service and aid it could muster. The efforts of Mr. Walter Powell of IRC are especially noteworthy. Their design of the overall training specification (Request for Proposals) greatly facilitated applications to the Department of Labor.

The Department of Labor has assisted PAE in many ways. By prompt payment of invoices, and assisting in reconciling minor procedural problems they have enabled a major undertaking to become manageable.

My general evaluation of the program, however, does not suggest such glowing terms. Although in my estimation the program was a successful one in training terms, PAE's financial loss of some $375,000 on a $522,400 contract with the Department of Labor to train 100 hard-core unemployed is far too high a price for a new, small business like PAE to pay. Needless to say, until some real adjustments are made in Government planning and administration, PAE (and many other company's officials with whom I've spoken) have no plans to renew our involvement with another MA- or JOBS type training program.

To add further to the reasons for our reluctance to reengage ourselves, the final months of our current contract are becoming increasingly difficult. We are at this moment attempting to prevail upon our local Department of Labor officials in an effort to prevent further losses to PAE which would be brought about by their refusal to accept our claim for 25 percent of expended dollars in the case of some 36 people whom we feel took jobs at a higher rate of pay after being trained by us, and were prepared emotionally and intellectually for these jobs as a direct result of our training program. Many of these persons had to be furloughed by PAE as a result of the cancellation, by the U.S. Government, of the Biosatellite and Manned Orbital Lander Programs. (PAE had booked sales and manpower loading on a subcontract basis for both of these programs.)

The present trend of the economy can only aggravate an already deplorable unemployment problem in our country. And businessmen in every part of the country will continue to avoid embarking upon a program of hard-core training that ties up his money for a year with no interest in a situation over which he has no control, i.e., trainee quits after funds are expended: Had he stayed, contractor would wait a full year to be reimbursed for expenses already incurred. With trainee leaving contractor gets nothing back. Of course, he has an alternative—hire another trainee and start all over, but then he only gets remainder costs—not those necessary for training a recruit "from scratch". And no consideration is given for the length of his training. If a contractor trains a recruit in two months, his money is spent. Yet he must recover in equal monthly amounts over a one-year period.

I respectfully recommend that while the Senate Subcommittee on Employment, Manpower and Poverty is holding hearings on S. 2838, the Administration's proposed Manpower Training Act, some sincere thought be given to the following general problems with the existing programs.

A contractor may expend necessary and justifiable funds in the performance of his contract for training hard-core persons. His costs

can only be recovered at the contract rate. Adjustments should be available to those contractors who legitimately incur higher than contracted-for costs. For example, in PAE's case, extremely optimistic Overhead/G&A rates were quoted in our proposal but never realized. Yet we can expect (under present conditions) to recover the (lower) quoted rates instead of those actually experienced in the training program. This and some other quoting problems cost PAE $350,000. (It might be interesting to note that PAE trained 100 hard-core people concurrently with recruiting, staffing and organizing the nations first black aerospace manufacturing company and while renovating a 36,000 square foot facility.)

The Senate Subcommittee should authorize the Government to reimburse contractors for all attrition cost. Currently reimbursement is limited to the percentage stipulated in the contract, while it is recognized the value and intent of a contract is to be specific and to spell out such considerations there are no present provisions to favorably respond to the needs of the contractor in the event that attrition projections are exceeded. In this case, the result is a loss to the contractor. For example PAE (in the proposal for our first contract ever) projected and quoted a 35% attrition rate. Our actual attrition experience including lack of work layoffs, as outlined above, was 42 percent. This cost PAE another $27,000. The accumulation of losses like these spell doom to many companies every year. I do not believe that the Federal Government intends to permit the continuance of such inequities.

Finally, I shall be happy to discuss my feelings and associations with the MA–3 Training Contract at your convenience and await the government's decision for furutre programs.

Sincerely yours,

BENJAMIN W. SALLARD.

SERVO/TECH CORP.,
Philadelphia, Pa., March 19, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Your inquiry of March 12th concerning our participation in the JOBS–MA programs is acknowledged with much interest.

As former participants in the MA3 and MA4 programs we are very concerned with its past, present and future. A perusal of the questions in your letter indicates that we can possibly be of major assistance in providing supportive information for consideration by your Subcommittee.

At your convenience I would be pleased to meet with you in Washington to discuss how we may best be of assistance.

Very truly yours,

JACK WEINBERGER, *President.*

No reply was received from Aluminum Co. of America, Pittsburgh, Pa.

South Carolina

WOODSIDE DIVISION,
DAN RIVER MILLS, INC.,
Greenville, S.C., March 20, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR: Your March 12th letter was received in my office yesterday. On March 16th, I wrote Mr. Robert G. Wegmann, Consultant to your Committee, in response to his letter of inquiry dated March 4th. Hopefully, the information furnished to Mr. Wegmann will suffice for your committee needs.

Yours very truly,

W. GAINES HUGULEY.

MARCH 4, 1970.

WOODSIDE MILLS,
Greenville, S.C.

DEAR SIRS: The administration's proposed Manpower Training Act, S. 2838, is now being considered by the Senate Subcommittee on Manpower, Employment and Poverty. Part of this bill authorizes the continuation of the JOBS program. Hearings will be held on the JOBS program next month.

In looking over a sample of contracts written by the Labor Department, I notice that you follow a basic pattern of 80 hours of orientation, 160 hours of job-related basic education, and 600 hours of on-the-job training.

I did not notice, however, any description of what sort of material you are covering in the job-related basic education. I would appreciate it if you would send me a description of your program of basic education.

We would be interested in knowing what kind of experience you have had with your JOBS contract, and any comments you may have on this kind of a manpower program.

Thank you for your help.

Sincerely yours,

ROBERT G. WEGMANN,
Consultant, Senate Subcommittee on Employment, Manpower, and Poverty.

WOODSIDE DIVISION,
DAN RIVER MILLS, INC.,
Greenville, S.C., March 16, 1970.

Mr. ROBERT G. WEGMANN,
Consultant, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR MR. WEGMANN: This will acknowledge your March 4th letter. As you possibly know, Woodside Mills' original contract is now undergoing a modification. The modification will reduce the number of "underprivileged persons" intake from 1100 to 250.

You asked for specific information on job-related basic education. Our plan entails instruction on the assignment for which the NABS certified employee is training, based on detailed job description and proper method of doing the job. We also are broadening our approach so as to make use of two of South Carolina's technical education centers. These centers are to give educational training in the basics—reading, writing, and arithmetic. You might also be interested to know that we are subjecting our supervisory management group to the NABS approved Bell and Howell sensitivity training.

You asked what kind of experience we have had with our JOBS contract. While I wish we could report a highly satisfactory experience, this has not been the case as evidenced by the necessity to modify. Being the first contractor in this area had its drawbacks, both from the viewpoint of our company and the USES, the certifying agency. Inexperience and lack of knowledge had its impact. Deterioration of business with consequent lay offs because of lack of manpower need also took its toll. We are of the opinion that we are now on sound ground and we expect success with the modified approach.

Yours very truly,

W. GAINES HUGULEY.

No reply was received from PAC Columbia Mills, Columbia, S.C.

Tennessee

AVCO AEROSTRUCTURES DIVISION,
Nashville, Tenn., March 25, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty,
Washington, D.C.

DEAR SENATOR NELSON: I am very pleased to help provide information for your hearing on the JOBS Program.

We are currently operating under a MA–5 contract for hiring and training 300 employees; 150 aircraft assemblers (a very high skill level) and 150 metal fabricators. The metal fabricator title covers six different job classifications running from low to very high skill levels.

Approximately two-thirds of our JOBS trainees have come to us from the Tennessee State Employment Service; the remaining one-third were supplied to us from the Concentrated Employment Service and from those who applied to us directly for employment and in turn were referred to the Employment Service for certification.

Our proposal was submitted before the National Alliance of Businessmen opened their Nashville office so they were of no assistance to us in preparing our proposal. Since that time, they have been quite helpful. The National Alliance of Businessmen office has served as the "control center" for the JOBS Program in Nashville. They have coordinated the flow of job applicants from the various referral agencies and answered the many day-to-day questions of potential JOBS applicants.

Our contacts with the Department of Labor have generally been requests for contract interpretation. I have found the Atlanta Regional Manpower Administrator's office to be cooperative in all instances.

We evaluate the JOBS Program very highly at this division. In our particular case, it has provided us with one very distinct advantage. We, the company, have complete control of the program from its inception. Because of our right of selection, we select those hardcore unemployed that we feel could do the best job. We tailor the training to prepare the people for the jobs, and we control their progress throughout the training program. Another very distinct advantage of the JOBS Program is the ease of reporting and billing and the simplified paperwork. There is one disadvantage I see in our JOBS Program—a disadvantage that comes about because we are training workers for seven different jobs. For billing purposes, we must designate the job the man is being trained for the day he goes into class. This does not give us any opportunity at all to observe the man and decide which of the seven jobs he would be best qualified for.

So far, the downturn in the economy has not had any effect on our JOBS Program. Realistically speaking, however, if layoffs should be necessitated here at Avco, it would have to be done on the basis of seniority, according to our labor contract, and the JOBS trainees are among those having the least seniority.

We are so pleased with the JOBS Program that we are submitting another proposal to the Department of Labor for hiring and training an additional 200 aircraft workers. The success of our program here at Avco has convinced our management that we can help meet the needs of the community without sacrificing our own needs.

It is our belief that the JOBS Program should not only be continued but strengthened and expanded. If you would like any other information about the nature of our program or additional comments, I certainly hope you will let me know.

Sincerely,

T. C. FRANKLIN,
Vice President, Industrial Relations.

No reply was received from Guardsmark, Inc., Memphis, Tenn.

Texas

DALLAS, TEX., *April 1, 1970.*

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: Thank you for your recent letter regarding our comments on how the JOBS contract portion of the JOBS program has worked out in practice. The experiences of LTV Aerospace Corp., with regard to your specific questions are as follows:

(1) Most of the JOBS contract trainees were obtained from State employment services, recruitment at various minority religious and other organizations in hard-core areas by company representatives, and advertising in minority publications.

(2) The national alliance of businessmen has been 100 percent cooperative in the requests of the company. Their primary assistance has been in interpreting guidelines and definitions for the JOBS contract and in meeting reporting requirements. Their representatives have visited some of our facilities and explained programs such as MA–3, MA–4, MA–5 and JOBS 70. They have

also offered their assistance in recruitment activities and have conducted joint briefings with the Department of Labor on available contracts.

(3) Department of Labor contacts with LTV Aerospace Corp. have primarily been in briefings on available contracts, JOBS reporting activities, and invoicing for monthly JOBS contract payments. The Department of Labor has been most helpful in answering questions applicable to the preparation of proposals as well as assisting in solving other problems when requested.

(4) The JOBS program has, no doubt, been very successful. The strong point of the program is that many hardcore unemployed persons have been trained for productive jobs in the labor force. The jobs afforded these people have enabled them to improve their standard-of-living and to contribute to growth in the economy. During the critical labor shortage, the JOBS contracts provided additional sources for meeting our manpower requirements. Several weak points are prevalent in the program. Lack of adequate public transportation at some locations is one obstacle to the success of manning JOBS contracts. Beginning wages often are not much greater than welfare payments. In many cases, the contractors have not been able to instill the will-to-work in specific members of the disadvantaged.

(5) The downturn in the economy, especially evidence of reduced defense spending, and prevailing business conditions will seriously impede progress in the JOBS program. We presently have employees in a lay-off status with recall rights, some of whom have been trained through the JOBS program, who must be offered an opportunity to accept most job openings before we can hire new people under the JOBS program. In light of a generally declining workforce, it will be extremely difficult for LTV aerospace to participate in the JOBS program on the scale it has in the past.

We would like to express our continued support of concepts such as the JOBS program in total. Predecessor programs such as MDTA and OJT were extremely helpful to us in manning past workloads. We will continue to support this program and the national alliance of businessmen in every way possible.

Thank you for the opportunity to communicate our experiences with the JOBS program.

If LTV Aerospace Corporation can be of further assistance, please feel free to call on me.

Very truly yours,

G. H. Scott,
Vice President, Industrial Relations.

Texas Instruments, Inc.,
Dallas, Tex., March 26, 1970.

Hon. Gaylord Nelson,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

Dear Mr. Nelson: We are pleased to share with your subcommittee our observations and opinions of the JOBS program.

With respect to the specific questions outlined in your letter:

(1) While there has been some cyclical variation, generally our trainees have been obtained, in about equal numbers, from 3 sources;

(*a*) Referral through the neighborhood Manpower Centers, which are sponsored by the Dallas Community Action (War on Poverty)

(*b*) The trainee's direct application to the Texas Employment Commission (TEC); and

(*c*) The trainee's direct application to Texas Instruments (all trainees admitted to our JOBS program are certified as eligible by the TEC).

(2) In general, we have found the Dallas office of the National Alliance of Businessmen (N.A.B.) to be very responsive to our requests for information and assistance. The N.A.B. has been quite active in soliciting the participation of and working with smaller business firms in Dallas. Specific examples of leadership assumed by the N.A.B. are:

(*a*) They were the catalyst for establishing an effective, community-wide "outreach" effort during the early months of the JOBS program. Personnel from TEC and the War on Poverty agencies contacted many candidates for the JOBS program through a door-to-door campaign in the target areas.

(*b*) The N.A.B. organized and sponsored "sensitivity training" sessions for training representatives from the larger employers in the area. These training representatives in turn conducted supervisors' workshops for personnel of smaller companies.

(3) Contacts with the Department of Labor have been primarily in connection with negotiation of our JOBS contracts (MA–3 and MA–4). We have been favorably impressed with the representatives of the Department of Labor—impressed with their comprehension of the training and impressed, as taxpayers, with their concern that the taxpayer receive value for the dollars invested.

(4) From our own experience and from our knowledge of what other employers are doing in the training of disadvantaged persons, we believe that the JOBS program is well-conceived and will prove to be a cost-effective social action program. From our experience, the retention rate for JOBS trainees is somewhat better than the rate for other new employees; and the average productivity, by the time on-the-job training is completed, compares well with average productivity of other new employees.

(*a*) The strongest point of the JOBS program—from a socio-economic viewpoint—is the employment of many persons who otherwise probably would have been excluded from sustained employment in meaningful jobs. From the individual employer's perspective, the strongest point is the provision for direct compensation for extraordinary costs of training and supportive services. This provision has brought the risk to the employer down to an acceptable level.

(*b*) The weakest point of the current programs (MA–5 and JOBS '70) is the provision for upgrading training. Upgrading

of persons into higher level jobs not only creates openings in entry-level jobs, but it also demonstrates to the person coming into the entry-level job that there is opportunity to advance. Under the present upgrading guidelines, the maximum allowable hours for job-related education precludes training for higher skill level jobs, such as machinists and electronic technicians.

A second weakness of the Option B provision is the requirement for a flat 10% pay increase for trainees at the completion of training. With some occupational titles, which offer clear advancement in terms of a higher ceiling on earnings, a flat 10% pay increase would place the upgraded person at a rate significantly higher than that paid to a qualified person hired outside of the company. Possibly a formula, which comprehended the maximum pay rates of the "old" and "new" jobs, could be used in lieu of the 10% increase.

(5) The present downturn in the economy has not appreciably affected our participation in the JOBS program. We have slowed down the rate at which JOBS trainees are placed on the job, but we should complete our current contract with the full number of trainees pledged/authorized.

A further cooling of the economy would probably lead to a moratorium on hiring or placement of anyone on entry-level jobs.

To summarize, in our experience, the JOBS program is working effectively. We believe that it is making a positive impact on the problems of poverty, and the unemployment.

If we may be of further assistance, please do not hesitate to call upon us.

Sincerely yours,

FRED C. OCHSNER,
Assistant Vice President
and Director of Corporate Personnel.

GREATER HOUSTON BUILDERS ASSOCIATION,
Houston, Tex., March 31, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty,
U.S. Senate, Washington, D.C.

DEAR SIR: In answer to your letter concerning our MA–3 Contract with the Labor Department, trainees were obtained from seventeen sources. The largest original supplier of men was the Texas Employment Commission followed by Harris County Community Action Association Service and Vocational Rehabilitation. In regards to advertising, final tabulation indicated that trainee referral brought in the most men, followed by radio and then large signs located at the training center.

The National Alliance of Businessmen assisted our Association in negotiating a contract with the Labor Department. Our office reported to them periodically, mostly dealing with the number of new trainees brought into the program—this information was needed for a report at the national level.

Our contacts with the Labor Department have been mainly with the regional office in Dallas, although our contacts have been few. Each meeting was very helpful to us.

My personal evaluation of the entire program is that it is successful. A great number of the "hard-core" unemployed were helped both financially and psychologically. By the latter I am referring to the basic human need to be useful, productive, and to be part of our society. Also hundreds of men were exposed to jobs in the construction industry. Most of these men probably would never have given a second thought of being actual participants in the building of homes.

In my opinion, one of the weakest points of this program is the placing of the trainee on an employer's payroll from the very beginning of his training. Another major problem is transportation. Practically all job locations are outside the city limits. Very few of the trainees have transportation as they are unable to afford it.

The present downturn in the economy coupled with the tight money and high interest rates has had its effect on the number of job openings in our industry. When a contractor has to cut down on his crew due to these conditions, he usually releases the newest member or the least skilled. Unfortunately, our trainees are in these categories and consequently are looking for work now.

Any further cooling off of the economy would practically eliminate our Association from further participation in these programs.

I hope the information contained in this letter will be useful to you and your subcommittee. If you need any more assistance, please let me know.

Sincerely,

N. ROBERT BATTEN,
Executive Vice President.

Replies were not received from Concrete Construction Advancement Corp., Dallas, Tex.; Dallas Dry Cleaning Consortium, Dallas, Tex.; and San Antonio Home Builders, San Antonio, Tex.

Virginia

NATIONAL ALLIANCE OF BUSINESSMEN,
Norfolk, Va., March 19, 1970.

Hon. GAYLORD NELSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR NELSON: Your letter of March 12, addressed to Tidewater Jobs, Inc., has been forwarded to me for reply.

To preface any remarks, I should inform you that Tidewater Jobs is a consortium formed by our local National Alliance of Businessmen and, therefore, for practical purposes Tidewater Jobs and NAB are synonymous.

To answer specifically the questions:

(1) The majority of our trainees have been provided by the Virginia Employment Commission, which is one of two agencies in this area who can certify the trainees as hard-core. The Norfolk SMSA includes the four south Tidewater cities of Chesapeake, Norfolk, Portsmouth and Virginia Beach. The member companies

of Tidewater Jobs, Inc., are located in the four-city area. As a result, the Concentrated Employment Program (CEP) in Norfolk, the other agency qualified to certify individuals for the program, and which draws its trainees from the model city area (mainly the Norfolk ghetto area) has been unable to provide job applicants for the entire four-city area, the majority of CEP's success having been in providing personnel for Norfolk firms.

(2) Inasmuch as the Metropolitan Chairman of the JOBS Program in this area is also the President of Tidewater Jobs, Inc., the National Alliance of Businessmen has worked "hand-in-glove" with the company. The Metropolitan Director for the JOBS Program, who is from the Chairman's own company and works full-time in the JOBS Program, has been very instrumental in securing new companies into the program and in assisting in modifications to the contract with the Department of Labor i.e., dropping companies from the consortium and bringing new companies into it, et al. The NAB has sponsored, with Tidewater Jobs, Inc., two or three "Sensitivity" Training seminars for first-line supervisors of companies hiring the hard-core.

(3) Our contracts with the Department of Labor have been through its Regional Manpower Administrator, Region III, now located in Philadelphia, but formerly located in Washington. Our only complaint would be the unreasonable length of time, during the first six or eight months of the contract, in receiving the reimbursement for the member companies after submission of the monthly invoice. Sometimes it has run as long as two or three months after submission of the monthly invoice. This time lag has been greatly reduced lately, however.

(4) In my opinion, the JOBS Program seems to be the best manpower program to come out of Washington. The general concept of hiring first, then training and also retaining is a fine one. Previous programs of training a man and then endeavoring to place him in a work situation have not had the success we anticipate under the JOBS Program. While the job is a very essential ingredient in the JOBS Program, it is not the most important one. Equally essential ingredients are the efforts and the methods for keeping the man on the job. For most small companies, the cost of these essentials is too expensive. The essentials I refer to, of course, are the orientation, the job related education, the counselling and job coaching, transportation, health services, etc., which are vitally important in keeping the hard-core individual on the job. These services are all available through a contract with the Department of Labor. I would say that the strongest point in the program is the "hire first" principal. The weakest point is the difficulty in "selling" the program or informing the average businessman—getting a company to hire this type person in the first place; getting across the idea to "screen in" instead of "screen out", as has been the case for so many decades. Another equally difficult task in this area has been prevailing on companies to lend their personnel to the effort of assisting us in soliciting JOBS pledges from other companies to hire hard-core individuals.

(5) We have some employers in the program, who are not hiring at present due to the downturn in the economy. I think this

is particularly prevalent in the manufacturing areas. although manufacturing is not a large part of our local economy. To take up the slack, it seems that our greatest effort during the current solicitation campaign should be directed toward the services and retail industries in an effort to involve them in the program. It is also suspected that the downturn in the economy may not have as great an impact on the JOBS Program as might be anticipated since a great many of the jobs (particularly in our area) are in non-cyclical industries.

In conclusion, I would like to say that while our success nationally has outdone our success locally, we are enthusiastic about this particular program and feel that this approach is the most sensible one that has been put forth towards solving this problem, and that our goal locally is to achieve parity with the national figures of success.

Cordially,

JOHN B. BERNHARDT,
Metro Chairman.

Washington

THE BOEING CO.,
Seattle, Wash., March 31, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Thank you for your letter regarding The Boeing Company's participation in the JOBS Program and the proposed hearing on S–2838. We are happy to respond. Below are your questions as you have listed them, followed by our response:

(1) *Where you have obtained most of your JOBS trainees.*—All JOBS trainees have been recruited, certified as hardcore disadvantaged and referred to The Boeing Company by the Washington State Employment Service operating in behalf of the Concentrated Employment Program (CEP), a local community-action agency. Trainees referred to us all reside within an identified CEP target area which covers the Seattle central city and selected additional areas in which poverty "pockets" exist.

(2) *What kinds of assistance have been furnished to you by the National Alliance of Businessmen.*—Because of size and resources of The Boeing Company and the fact that we are operating in a direct contract relationship with the Department of Labor on JOBS Programs, it has not been necessary to call extensively on NAB for assistance. To the contrary, Boeing supported original establishment of the NAB program here in the Seattle area by providing the undersigned on an 8-month loan basis to NAB as its first metropolitan director. At that time Boeing provided, and subsequently has continued to provide, additional staff support and secretarial help on a loan basis. Thus, we have remained very close to the NAB operation but have not needed to utilize its services extensively. Through this relationship, however, we believe we have sufficient knowledge to comment on NAB's assistance to other employers. It is our impression that NAB

has done a substantial job and is rather broadly accepted in the Seattle business community as a focal point for assistance in the area of hiring and support of the hardcore disadvantaged. NAB currently is acting not only in the capacity of seeking JOBS pledges but in assisting employers in their relationships with community agencies which are providing many of the supportive services to the employers' programs.

(3) *What kinds of contacts you have had with the Department of Labor.*—We have two contracts currently active with the Department of Labor, one under the provisions of the MA–3 Program and the other under MA–5. Contacts with the Department of Labor have been extensive and virtually all in connection with proposal, negotiation and administration of these contracts. Almost without exception the contacts have been positive and we have felt the Department of Labor to be responsive to our needs and concerns. The relationship has been a good one and to-date free of the frustrations and "red tape" problems that sometimes mark government contract efforts.

4. *What your general evaluation of the program is, particularly its strongest and weakest points.*—Our general evaluation is that the JOBS Program has been both useful and beneficial. One of its stronger points has been the relative simplicity with which the contract programs are negotiated and monitored and Department of Labor responsiveness noted in No. 3 above. The contract approach has been simple and straightforward with a minimum of complex technical details. This, I am sure, has been helpful also to those smaller employers who have entered contracts but who do not have substantial contract administration and financial organizations at their disposal. One possible danger should be expressed—each successive contract proposal which we have looked at since the original experience with MA–3 (MA–4, MA–5 and JOBS '70) has been slightly more complex and has had a few more "strings" attached. This, of course, is natural as additional experience is gained in these kinds of programs both by the Department of Labor and by employers. Nevertheless, caution is indicated in development of future JOBS Program offerings, lest the complexity become burdening and a discouragement to potential contractors.

We see two weaknesses: First, the JOBS Program offerings even though relatively simple, do not do a good job of attracting small to medium sized employers. Many small companies shy away from such programs. They feel they cannot take on such programs alone financially, but resist what they conceive to be the red tape and paperwork and the problems of liaison involved in setting up a contract with the Department of Labor and coordination with community agencies involved. None of these contracts have adequately provided for a consortium effort to involve larger numbers of small to medium-sized employers who can thus share through group effort the burden of supportive services and the contracting process. We feel that the consortium approach is a key element in attracting those smaller employers and only as they become involved do we truly open up the job market for

the disadvantaged. It is true that recent amendments to the JOBS '70 contract proposal (agreed to by NAB and the Department of Labor) have substantially assisted in making JOBS '70 more useable for consortium purposes. However, we believe closer attention should be given to this aspect in future JOBS programs.

A second area of weakness is the difficulty of obtaining adequate level and quality of supportive services from local community-action agencies. By supportive services I refer to child care, medical, dental and legal aid, off-the-job counseling and other such services typically identified with programs for the hardcore disadvantaged.

Boeing and other employers have found difficulty in generating adequate businesslike responses to their supportive service needs. The agencies have indicated their willingness to respond and most have certainly made efforts, but lack of sufficient numbers of competent administrators, changing organization structures, patterns of funding, etc., have often made support haphazard.

(5) *Most importantly, what effect the present downturn in the economy has had on your participation in JOBS, and what likely effect further cooling of the economy would have on your participation.*—As you may know, The Boeing Company is currently undergoing a period of declining business activity, causing intense cost emphasis and severe decreases in manpower requirements. Consequently, it has been necessary to lay off substantial numbers of employees in all payrolls. Graduates from the MA–3 contract training program who are now on the job competing as regular employees are subject to provisions of our current collective bargaining agreements and have been affected along with all other employees. In our MA–5 Program which has been under way only since September 1, 1969, we were forced to suspend entry of trainees into the program after only half of the total scheduled number had entered. Further input into the MA–5 program has been suspended indefinitely. No new classes will be started under MA–5 unless there is significant change in the business climate which is not foreseen at this time.

We anticipate that our ability to participate in future entry-level JOBS Programs for the immediate future will be severely limited.

Thank you for the opportunity to comment on the JOBS Program. I hope our responses will be of some assistance to you and your subcommittee.

Very truly yours,

O. C. SCOTT,
Director of Urban Affairs.

Wisconsin

Replies had not been received from Manpower, Inc., Milwaukee, Wis., and Manpower Training Consortium, Milwaukee, Wis., at the time this section was printed.

III. THE JOBS PROGRAM IN OPERATION—COSTS AND RESULTS

The JOBS program is an attempt to create a business-government partnership for the purpose of solving a pressing national problem that is both social and economic. Its success—and its failure—cannot be understood without seeing clearly both the social and economic aspects of the problem and their interrelationship. The JOBS program makes sense only in the context within which it was created.

The United States, in 1967, faced a peculiar combination of circumstances. Although the economy was operating full blast, with unusually low unemployment, there were concentrated throughout the United States "pockets of poverty"—areas where the unemployment rate was many times that of the national average. Thus, in the midst of the most affluent society in history, certain areas of the population nonetheless experienced considerable poverty. While jobs (usually requiring some degree of educational preparation or previous experience) went unfilled, persons trapped in the poverty areas were unable to find work. The frustrations and resentments found within these sectors of the population began to explode in bloody riots, most notably the Detroit disorders in the summer of 1967.

It was against this background that President Johnson, acting on the advice of a task force which he had established, called in January of 1968 for a major industry-government cooperative program to provide jobs for the "hard-core" unemployed. Somehow, those who stood outside the generally high levels of national employment and affluence had to be "brought in."

Thus NAB/JOBS was born. On the one hand, the National Alliance of Businessmen, a voluntary association headed by top corporate executives, was created to enlist the support of the business community. On the other hand the Department of Labor, drawing on its experience with manpower programs developed experimentally under the Manpower Development and Training Act (known as MA–1 and MA–2 contracts), designed the MA–3 contract to be offered to employers who agreed to cooperate with the National Alliance of Businessmen (NAB).

NAB–JOBS Reaches 125 Cities

The National Alliance of Businessmen is an independent, nonprofit, private corporation. Its headquarters is in Washington, D.C.; for operating purposes it divides the country into eight regions, each with a regional office. Local NAB offices, originally set up in 50 major cities, are now located in 125 metropolitan areas. (There are 131 such offices, since some areas have more than one.) These offices are staffed partially by executives "donated" (and paid) by corporations, and partially by employees paid with Labor Department funds. The value of the donated services is undoubtedly considerable. However, these

executives are not always able to devote their full time to the job, and they stay only 6 months or a year.

The funds for the program are drawn from Manpower Development and Training Act appropriations, and also from appropriations for the Economic Opportunity Act, since the latter prescribes in section 123 that:

> The Director may provide financial assistance in urban and rural areas for comprehensive work and training programs or components of such programs, including the following:
>
> * * * * * * *
>
> (8) programs to provide incentives to private employers, other than nonprofit organizations, to train or or employ unemployed or low-income persons, including arrangements by direct contract, reimbursements to employers for a limited period when an employee may not be fully productive, payment for on-the-job counseling and other supportive services * * * and payment to permit employers to provide employees resident in such areas with transportation to and from work or to reimburse such employees for such transportation. * * *

Persons are eligible to be hired under a JOBS contract whose family income is below the Department of Labor's poverty level, and who in addition, meet one of the following requirements:

(1) Have not graduated from high school.
(2) Are under 22 or over 44 years of age.
(3) Are physically, mentally or emotionally handicapped.
(4) Possess special obstacles to employment.

This latter category is somewhat of a catchall; it includes anyone who is a member of a minority group; those with two periods of unemployment totaling 15 weeks or more in the past year; downwardly mobile workers; welfare families; and those laid off permanently from "declining industries" (agriculture, coal mining, etc.).

About 77 percent of those hired under JOBS contracts have been black.

NAB/JOBS has been in operation for approximately 2 years. The administration, in its proposed Manpower Training Act (S. 2838), has indicated its intention to continue the NAB/JOBS program, under this general legislative language:

> SEC. 101. The programs and activities for which funds under this title may be expended shall include, but are not limited to, the following: * * * (10) incentives to public or private employers including reimbursements for a limited period when an employee newly hired or being upgraded might not be fully productive;

The consideration of S. 2838 by the Subcommittee on Employment, Manpower, and Poverty provides an appropriate time to examine how the JOBS program has worked out since its inception.

Basic Rule Is "Hire First"

There are three things which quickly become evident in any review of how the JOBS program has worked out in the 2 years during which it has been in operation.

First, it is a markedly business-oriented program. The National Alliance of Businessmen is a group of businessmen who approach other businessmen and attempt to enlist their support in a business-developed program for hiring the disadvantaged.

Second, the fundamental concept on which the program is based is one of "hire first." That is, it is not a matter of training a person and then afterwards trying to find him a job. It is rather a matter of hiring him—so that he has a job from his first day in the program—and then providing him with whatever training and special services he needs to perform that job adequately.

Third, the NAB/JOBS program evolved in a socioeconomic situation which presented an employer with "push-pull" motivation. On the one hand, the shortage of labor presented him with a situation where he needed workers. Job openings were going unfilled. On the other hand, public awareness of the problems of unemployment in the Nation's ghetto areas was increasing and the social consequences arising from this situation were becoming painfully obvious. Thus both altruistic and economic motives could induce an employer to provide individuals from deprived backgrounds with steady employment. (An additional reason, cited in a Systems Development Corp. study of the *JOBS* program, was that some companies fear a Government "crackdown" under Federal equal employment opportunity regulations. See Wall Street Journal, Mar. 9, 1970.)

What the National Alliance of Businessmen offered to the business community was encouragement and help in the difficult process of hiring and training persons, many of whom had not previously held steady jobs, to fill job openings which were to be set aside for them. This help included advice and encouragement, the rewards of extensive publicity and, for those who wished, help in obtaining reimbursement through the Department of Labor for the costs of orienting, counseling, providing job-related basic education, and on-the-job training to the disadvantaged trainees.

Contracts Are Described

The businessman, having been approached by NAB, would be referred to the Labor Department if he wished to obtain a manpower contract. Although the actual wording of these contracts has been revised frequently, their b asic pattern has remained the same. The MA–3 contract was used from March to August of 1968; the MA–4 followed for September of 1968 to April of 1969. The MA–5 contract was announced for the 1970 fiscal year, and is still available, although the MA–6 contract (JOBS '70) also became available in November of 1969.

The MA–3 and MA–4 contracts extend for a period of 2 years, and hence many are still in force, though some of the MA–3 contracts are beginning to expire. The MA–5 and MA–6 contracts extend over a period of 18 months. An employer may bill the Government for services rendered at any point up to the expiration of the contract.

The MA–3 and MA–4 contracts spread the cost of the program over a period of 260 payment days (that is, for each day worked the employer received one two-hundred-sixtieths of the total per person cost of the program). For the MA–5 contract this was reduced to 195 days. The intent in spreading out payments was to induce employers to keep turnover low, since costs were presumably greatest at the beginning of the program, and hence the employer would lose money unless the trainee stayed at least 260 (195) days.

The actual effect of this creation of "front-end load," however, seems to have been to induce employers to give as little training as possible (putting the "trainee" to work immediately), to cut corners on supportive services, or to "cream" trainees for those least likely to drop out. In the MA–6 contract this feature is largely eliminated, and payment is made over the actual training period (which length is not prespecified, but is tied to the level of complexity of the occupation).

Wages and Services Financed

Under the latest contract, the MA–6 contract, the Government offers the following incentives under the JOBS program:

> The Government will pay one-half of a trainee's salary for a period of from 10 to 40 weeks, depending on the complexity of the job.
>
> The Government will pay the entire wage during periods when the trainee is receiving job-related basic education, counseling, and orientation.
>
> In addition, the Government will pay the full cost (up to certain established ceilings) of providing these services (job-related basic education, counseling, and orientation) plus the cost of:
>
> (*a*) Transportation assistance
> (*b*) Child care assistance
> (*c*) Medical and dental treatment, if necessary
> (*d*) Human relations training for the employer's supervisory personnel, plus an allowance for administrative costs.

For these items, a firm with a JOBS contract could receive up to $5,213 per trainee.

Costs Are Outlined

Just what has been accomplished after 2 years of the NAB/JOBS program? This turns out to be a difficult question to answer. One thing that is clear is that a good deal of money has been involved. The Department of Labor has furnished the following figures on JOBS expenditures:

U.S. Department of Labor
Washington, D.C., April 15, 1970.

Mr. Robert Wegmann,
Senate Subcommittee on Employment, Manpower, and Poverty,
Old Senate Office Building, Washington, D.C.

Dear Mr. Wegmann: This is in reply to your recent request for information on the JOBS program.

The enclosed table shows the amounts appropriated, obligated, and expended for fiscal years 1968, 1969, and 1970, as well as the amount

of the appropriation request for fiscal year 1971. The amounts obligated for contracts with the National Alliance of Businessmen for their administrative costs are as follows:

Fiscal year:	*Amount*
1968	$750, 000
1969	2, 659, 636
1970	5, 499, 148

If you have any further questions, please do not hesitate to contact me.

Sincerely,

MALCOLM R. LOVELL, Jr.,
Deputy Assistant Secretary for Manpower
and Manpower Administrator.

JOBS PROGRAM

[In millions of dollars]

	Fiscal year 1968			Fiscal year 1969			Fiscal year 1970			Fiscal year 1971
	Appropriation	Obligations	Outlays	Appropriation	Obligations	Outlays	Appropriation	Obligations[1]	Outlays[1]	Appropriation request
MDTA	44.6	44.6	3.7	42.5	42.5	13.4	230.0	57.0	15.7	320.0
EOA (I–B)	60.1	60.1	.5	111.3	111.3	28.3	70.0	65.8	43.7	55.0
Total	104.7	104.7	4.2	153.8	153.8	41.7	300.0	122.8	59.4	375.0

[1] As of March 31, 1970.

A number of facts become evident on studying these dollar figures. First of all, although business firms "donate" executive leadership of considerable value to the National Alliance of Businessmen, the expenditure of tax funds by NAB is also considerable.

Secondly, the differences between the amount of money which has been "obligated" under JOBS contracts, and the amount actually expended, is quite significant. This is true for a number of reasons.

First of all, when a firm obtains a JOBS contract, it is merely estimating the number of workers it will be able to hire. Further, obligated funds are paid out on a per-day-worked basis. Therefore, if the firm does not actually need as many workers as it estimated; or if workers drop out before the end of the payback period; if the firm does not think that the program is working and decides not to continue hiring under it; if there is an economic downturn necessitating laying off of workers, or a cutback in hires: for any of these reasons any given firm will not actually invoice the Government for the full amount that has been obligated by signing the JOBS contract.

It seems relatively rare for a firm to collect the full amount obligated.

Not all participants in the JOBS program receive Federal reimbursement. From the very beginning, the National Alliance of Businessmen found that a large number of employers were willing to participate in the JOBS program but did not desire to enter into an MA contract. There were various reasons for this: A feeling that the Government money was not really needed; a desire to avoid the audits and restrictions which are part of a Government contract;

a general aversion to governmental "red tape;" a genuine commitment to the voluntary JOBS program. These employers would and did pledge to hire the disadvantaged, train them, and integrate them into their regular workforce without Government reimbursement.

As far as NAB is concerned, there is no real distinction between those employers who have Government contracts and those who do not. Both are equally part of the NAB/JOBS program. Both are supplied with IBM cards to record hires and terminations, with the results from both contract and noncontract employers fed into NAB's management information system (MIS). Thus, whenever the National Alliance of Businessmen releases any statistics on hires or retentions under the JOBS program, the data published represents combined totals from both those participating in Department of Labor contracts and those cooperating without Government recompense.

Contract Pressure Is Great

It is against this background, then, that the first of the structural pressures which characterize the NAB/JOBS program arise. For although it is the Department of Labor which issues the JOBS contracts, it is NAB which encourages businessmen to obtain them.

This puts the Department of Labor under a double pressure to issue contracts with little scrutiny or review. On the one hand, NAB may be displeased if businessmen feel they are harassed by bureaucrats. After NAB volunteers have gone out to convince employers to accept JOBS contracts, they expect cooperation from Labor Department representatives.

Labor Department officials are under pressure to obligate their appropriations, to carry out the purposes of the JOBS program. Employees are judged successful on the basis of the number of contracts they are able to successfully negotiate, not on the number they turn down.

Thirty Minute Rule

Official instructions given to JOBS contract negotiators reflect these twin pressures—the pressure on the one hand to be cooperative with participating firms, and the pressure on the other hand to get the money obligated as quickly as possible to make a good showing for the program.

Labor Department instructions for the MA–3 and MA–4 contracts stated:

> Since cost elements are not to be negotiated, time spent in face to face cost negotiation beyond an average of half an hour ordinarily will not be an effective use of the evaluator/negotiator's time.

The latest revision of the Department of Labor's "Handbook for the JOBS Program" admonishes the negotiator that "the partnership aspect of the MA–6 (contract) and NAB's relationship to the program insure a great deal of respect for the businessman's point of view and regards and treats him as a respected counselor and investor."

The handbook goes on to order that "few MA–6 proposals should be rejected out-of-hand as nonresponsive."

The negotiator is exhorted to so arrange his work that the actual contract can be worked out in a single negotiating session. Thus the NAB–JOBS program creates a situation where contracts (which may involve up to several million dollars) may be granted with relatively little review.

One result of this kind of rapid negotiation and signing of contracts, under pressure to obtain as many signed contracts as possible, is reported by Levitan, Mangum and Taggart in their book "Economic Opportunity in the Ghetto":

> An analysis of the contracts throws little light on the proposed relationship between Federal subsidies and job content or pay. Payments differed widely for jobs with similar titles promising, for example, subsidies ranging from $1,000 to $3,600 for janitors and $2,000 to $3,900 for laborers. One company was to receive $3,700 for employing and training a clerk while another firm in the same city contracted to prepare punch press operators at $2,500 apiece. In another city $3,400 was the incentive to one company for employing office boys, compared to $1,800 for material handlers. Waitress jobs in one contract came at $3,000 per employee. These wide variations in reimbursement reflect lack of data about training costs and the bargaining efforts of the cooperating employer. Government representatives, under pressure to get proposals in and contracts signed, were not in a position to haggle over prices. (p. 26.)

Monitoring Is Restricted

The pressure exerted by NAB against Government "red tape" extends to monitoring activities after the contract is granted. Periodic visits to contractors are made by a "contract service and assistance" team, a name designed to avoid any connotation of checking or inspecting, and Labor Department personnel are told that the service visits should be kept "as short as possible."

This situation has created, as we shall see, conditions under which employers might or might not be fulfilling their contracts, might or might not really understand the aims of the JOBS program and might or might not be able to meet those aims.

Figures are Questioned

A second major problem created by the NAB-Labor Department partnership involves trying to determine just how many hard-core persons are really being hired under the program and, what is even more crucial, how many are being retained.

At first this might not seem to be much of a problem, for reports of hires and retentions have been widely published. The latest Department of Labor JOBS handbook, for example, states that:

> As of August 25, 1969, of the 229,680 hard-core unemployed hired under the JOBS program, 124,395 were still on the payrolls. (These figures include both the contract and noncontract elements of the program.) (I–3)

The Secretary of Labor supplied more recent figures in a letter to this subcommittee:

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 13, 1970.

Hon. GAYLORD NELSON,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: This will respond to your March 23 letter requesting data on pledges, hires and retentions under the JOBS program for fiscal years 1968, 1969, and 1970.

Responsibility for JOBS program reporting is shared jointly by the Department of Labor and the National Alliance of Businessmen. The Department of Labor tabulates hiring and training data for the contract segment of the program. The National Alliance of Businessmen tabulates pledging and hiring information for the total program, but does not report data separately for contract and voluntary participants. Figures for the noncontract operation are therefore derived by subtracting figures developed by the Department for contract JOBS from those developed by the National Alliance of Businessmen for the total program.

Computerized reporting for contract JOBS was initiated by the Department in November 1968. Periodic National Alliance of Businessmen reports are available beginning with a May 1969 report which gives cumulative operating information for the total program up to that time. Information for earlier months, we understand, was inadvertently destroyed. We are, therefore, unable to provide the information you requested for fiscal year 1968 specifically. However cumulative data for the program through June 30, 1969, are:

	Pledges	Hires	Presently in training [1]
Contract	72,573	42,974	23,180
Noncontract	195,083	148,139	84,594
Total	267,656	191,113	107,774

[1] Includes only employees with respect to whom the employer may claim further reimbursement for incurred training costs. Employees for whom reimbursement may no longer be claimed are not included.

The latest available cumulative data for the entire program, through January 31, 1970, show:

	Pledges	Hires	Presently in training [1]
Contract	99,846	84,703	34,478
Noncontract	283,727	295,437	165,568
Total	383,573	380,140	200,046

[1] Includes only employees with respect to whom the employer may claim further reimbursement for incurred training costs. Employees for whom reimbursement may no longer be claimed are not included.

A few explanatory comments on certain of these data items may be helpful to you. First, contract JOBS statistics do not accurately reflect the extent to which persons hired under contracts continue their employment with the contractor by whom they were initially hired. This

results because contract employers typically report a JOBS employee as a "termination" at the point where the employer has been fully reimbursed under the contract for the extraordinary costs incurred in employing and training the employee. Actually, at that point, the employee's employment has not terminated. Rather he is dropped as JOBS client and absorbed in the employer's regular work force. Recording such cases as terminations, as was the case heretofore, leads to a distorted picture of accomplishments in the contract segment of the program. This problem will be corrected under changes we have made in JOBS reporting, effective February 1970, but sufficient data to put contract terminations and retentions into accurate perspective will not be available under the revised system for some months yet.

Second, the statistics for contract JOBS include only contracts be-beginning with the MA–3 series which was initiated in the spring of 1968. Not included are data for such predecessor programs as TEST and MA–2.

Third, all pledge data for the program is, as I noted above, collected and reported by the National Alliance of Businessmen, without distinguishing between contract and voluntary program participants. To arrive at a division of pledges between the contract and noncontract programs, we therefore make the assumption that pledges for the contract program correspond exactly to the number of jobs we have contracted for employers to provide under their contracts.

A National Alliance of Businessmen report updating information for the total JOBS program through the end of March is expected to be released in the second week of April. Fiscal year 1970 contract activity through March 27 totals 1,242 contracts for an aggregate 48,639 training opportunities. Additional employment and training opportunities provided under contracts during the remainder of the fiscal year are expected to number approximately 25,000. The target of 338,000 employed by June 30, 1970, established for the total JOBS program has not been changed.

Sincerely,

GEORGE P. SHULTZ,
Secretary of Labor.

RETENTION FIGURE EXPLAINED

Perhaps the most significant figure in the Secretary's letter is the figure of 34,478 trainees, still in training or employed as a result of JOBS contracts. This is the result of 84,703 hires and 50,225 terminations. It represents an increase of 11,298 since June 30, 1969.

Since figures on the contract portion of the program are more reliable than figures on the voluntary portion, this figure of 34,478 trainees—40.7 percent of those hired—may be the most reliable preliminary measurement of program success.

It will be noted that the Secretary's letter suggests that there are some additional JOBS trainees, still on the job, who might not be included in this figure of 34,478 because they were listed as "terminated" when they finished training, even though they continued as permanent employees. It should be noted, first of all, that employers who follow that procedure misunderstand the directions on

the reporting forms. In any event, it can be established that this erroneous practice does not greatly alter the 34,478 retention figure, simply because the overwhelming percentage of the 50,225 JOBS terminations occurred in the first few months of the training programs.

This can be seen concretely by examining statistics for the MA–3 contracts, which have been in operation for the longest period of time. The apparent retention rate for these contracts is 32 percent, as will be shown later. The payback period for the MA–3 contract is 260 days or 8.6 months. Department of Labor statistics show that 93 percent of those who have terminated under MA–3 contracts did so before 8 months—and hence these terminations could not be among those inaccurately reported. Thus the maximum degree of under-reporting would be (0.07) x (0.68), or 5 percent. Since it is hardly likely that every termination after 8 months is really an inaccurately listed permanent hire, it appears that this "under-reporting" is of little significance.

NAB Supplied Figures

The figures submitted by the Secretary for the entire program are taken, as he notes, from those submitted by the National Alliance of Businessmen. It is these figures which have been given such extensive and favorable publicity in local press releases throughout the Nation.

There is considerable evidence, however, that such figures, no matter how frequently and widely published, are simply not verifiable. This is true for several reasons.

First of all, the figures for "hires" under the voluntary portion of the program might or might not genuinely represent hires of "disadvantaged persons" as defined by Department of Labor standards. Since these businesses are not under contract, there is no way to verify how carefully they are checking such fundamental criteria as family income. To some businessmen, the very fact that an applicant is black or Spanish-speaking would lead him to be counted as disadvantaged.

Second, many employers under the voluntary program do not like to label employees as disadvantaged. Hence, they do not keep special track of them. Thus figures reported to NAB may simply be estimates.

How widely such figures can vary is shown in a study prepared for the Labor Department by the Systems Development Corp. This study was done in nine cities throughout the country. It concluded that:

> Verification of actual placements under the program was carried out by two essentially independent means:
>
> 1. Tally cards, obtained by each local metropolitan organization, and
> 2. Hiring cards, prepared by employers for each individual hire, and submitted to NAB national.
>
> These two approaches to collection of information on hires and terminations under the program led to significantly different results. The number of hires reported by employers to the local organization was invariably higher (by as much as 200 percent) than the number of hires reported to NAB National (p. 12).

It should be noted that the nationwide figures on hires published by NAB are taken from the tally cards, not from the hiring cards.

The authors of the Systems Development Corp.'s report summed up the results of their study by saying:

> In soliciting pledges, NAB volunteers assured prospective participants who were not interested in a Federal subsidy that a minimum of recordkeeping would be required. Many employers who signed pledges interpreted this assurance quite literally, and, in fact, have significantly underreported both hires and (especially) terminations. *Reliable information concerning the number of people actually placed under the program and the number currently at work is, for all practical purposes, impossible to obtain (p. 14).* [Emphasis added.]

Contract Figures Questioned

Even with the contract employers, statistics may be more questionable than would be expected. Although new hires are supposed to be certified by either the concentrated employment program (CEP) or the State employment service (SES), such certifications may be invalid. A Labor Department audit of the Globe Bag Corp. of Miami, Fla., for example, reported that of 50 employees certified by the Florida State Employment Service as "disadvantaged" under Labor Department guidelines, only 20 actually met these standards. Family data (either the number of persons in the family, or the family income) was missing for 23, six more were clearly over the Labor Department poverty line, and two were aliens and therefore ineligible.

In fairness, it should be pointed out that this is not a problem peculiar to the JOBS program. GAO audits of the concentrated employment program in several cities turned up similar findings. In Detroit, for example:

> GAO's review of enrollees' records selected at random showed that 18 percent did not meet the family income limitation and that 7 percent were not residents of the target area. The files of another 36 percent did not contain enough information for GAO to determine their eligibility (p. 2).

Or in Chicago:

> GAO's review of 282 enrollees' files revealed that 93 enrollees were ineligible and that the files of 62 enrollees did not contain enough information to verify their eligibility (p. 2).

It is not without reason that this pattern of consistently questionable certifications exists. As Echols reports in a paper for the Inner-City Seminar on Training the Hard-Core:

> In many instances, the Government certification requirements have proved a disservice to both business and the hard core. Many hard core have found the process to be insulting, humiliating, and a source of distrust and hostility. Many businesses have found it to be a cause of delay and even a hindrance or obstruction to hiring and training. Among both groups, the low credibility of many certifying agencies has been a source of concern (Louie Echols, "Perspectives and Recommendations," pp. 27–28).

If this is the case for those businesses operating under Government contract, where certification is required, it is even more the case for

businesses participating in the JOBS program voluntarily. Hence the degree to which the voluntary JOBS program reaches the hard core disadvantaged person simply cannot be accurately known.

Only Half of Invoices Sent

There is an equally serious problem in determining retention even for contract employees. Employers are supposed to send the tally cards to NAB, and an invoice for payment monthly to the Labor Department. In fact, many employers submit such invoices at longer intervals, so that it is rare that even half of the monthly invoices which the Labor Department should receive are regularly submitted.

Part of the difficulty in obtaining timely reports of terminations from contract employers lies in this irregular invoicing. As the Systems Development Corp.'s study reports:

> Part of the difficulty in obtaining current and comparable data arises out of the reluctance of contractors to submit MA 3100–9 reports when they have little or nothing to claim by way of reimbursement; they tend to "batch" their reports when Aggregate Trainee Days Worked (col. 7f) reaches a level sufficiently above that reported in an earlier invoice to justify the administrative nuisance and the expense associated with preparing an invoice (p. 17).

Thus any retention statistics for an ongoing program will almost certainly be inflated, both because some persons have just been hired (someone on the job a week or so can be called "retained," after all, only in a narrow sense) and because reports of terminations are consistently late in arriving. (Note that a firm with many new hires, on the other hand, is motivated to report them quickly, so as to collect the amount due them.)

NAB itself, aware of these problems, had an audit done on its management information system (MIS).

Ten cities were selected for the audit, with at least one from each region of the country. One contract employer and two noncontract employers from each of these 10 cities were then selected for auditing (what criteria was for selection was not stated; it does not seem to have been a random selection.) The results of these audits were summarized as follows:

> * * * a significant number of the noncontract employers keep only rather informal records to support the information reported to NAB, or no records at all which would allow a comparison of MIS information to employer records.
>
> In the case of contract employers, it appears also that while JOBS hires are reported fairly accurately, related terminations are not consistently reported, resulting in the MIS including a number of employees as hired and "on-board" who in fact have been terminated.
>
> In the case of many of the non-contract employers visited, we were unable to compare MIS figures to personnel records since, as noted above, company records did not indicate in any manner which employees were those reported as hires to NAB. In some cases, employees reported as hired were reported on an estimated basis, and in many cases, no indi-

vidual hire cards were used for reporting. In addition, since current hires are reported to NAB and then no separate record is kept of the individuals so reported by some companies, it is impossible for these companies to report terminations of such JOBS employees other than on an estimated basis. In one particular case, no terminations were ever reported, although all new hires were reported.

Retentions Not Reliable

As this audit (dated October 23, 1969) notes, it is difficult not to conclude that the total number of reported "hires" are questionable, with the "terminations" even more so. Without an accurate count of terminations, of course, there is no way to accurately compute retentions.

It should also be clear that non-contract data is quite a bit more "soft" than contract data. There seem to be roughly three times as many trainees involved in the voluntary program as there are under contract. Yet figures from these two sources are consistently combined when reports on the NAB/JOBS program are issued. The fact is that statements such as the following, in a NAB booklet on the JOBS/70 program, are simply not verifiable:

> Its first-year record of accomplishments shows that in excess of 200,000 people have been placed in full-time employment. Of these persons, approximately 54 percent are still on the job first provided for them.

Yet the activities and accomplishments of the National Alliance of Businessmen have been given wide publicity, and such statistics are usually incorporated in their public statements. As reported in the First Annual Report of NAB:

> In an average month, over 500 news stories concerned with Alliance activities appear in national or local magazines and newspapers. Public service advertisements prepared for the Alliance by the Advertising Council have appeared 24 times in news and consumer publications (Time, Newsweek, New Yorker, Life, Look, etc.), the business press has pledged 406 pages of advertising, and over 80 million viewers have seen Alliance commercials on national television networks (p. 18).

As Systems Development Corp. reports in its study of JOBS in nine cities throughout the country:

> It is no accident that press coverage of the JOBS program was, on balance, favorable. A deliberate effort was made early in the program in each city to involve representatives of the news media in press conferences and to furnish them with regular news releases both from the NAB and from participating companies. This is in contrast to the experience of CEP in many cities, where no planned promotion or publicity program existed and the only news to be found in local papers or on local television had to do with problems and obstacles to program success (p. 13).

The statistics published by the National Alliance of Businessmen are important, not only because they are so widely publicized, but also because they are frequently the basis for unfavorable comparisons with other manpower problems.

An example of this is found in an article by Joseph F. Cunningham, a vice president of the National Alliance of Businessmen, which appeared in the September-October, 1969, issue of Monitor, entitled "JOBS: Business Shows the Way in Developing 'People Power.' " The article states:

> Approximately 18,500 American business firms pledged close to 200,000 full-time jobs. Over 60 percent of the "disadvantaged" people placed in these jobs were retained and have become effective workers. * * *
>
> When one compares this record with that of other Government programs, most notably the Job Corps, the stature of the "JOBS" program is enhanced. Job Corps, always hotly debated, operated with average individual training costs of over $8,000. Of the total number of individuals recruited for Job Corps centers, only 17 percent ever completed their training. An even smaller portion of the 17 percent were then retained on the job! In contrast, the "JOBS" retention rate figure, when limited solely to Government contracts, is even more impressive. The first-year 60-percent retention figure jumps to about 80 percent when Government funds are involved * * * (pp. 10–12, 16).

A retention rate of 80 percent for a manpower training program which serves the hard-core disadvantaged would be spectacular, and would doubtless be cited as justification for making an increased public investment in such a highly successful program.

Rate of 32.1 Percent Indicated

One would expect that if only because of the economic incentive, contract employers would have a higher retention rate than non-contract employers. NAB officials, when interviewed, estimated that contract retention might run as high as 70 percent. As a matter of fact, Labor Department data shows that, as of January 31, 1970, 45,300 persons had been hired by firms with MA–3 contracts, of whom 14,564 were still employed. This is a retention rate of 32.1 percent. The MA-4 contracts, in operation no earlier than September 1968, have involved the hiring of 31,368 persons, of whom 17,020 have already terminated, for a retention rate so far of 45.7 percent. (Only 7,898 persons have been hired under the MA–5a contracts as of January 31, 1970.)

Problems of reporting—and a desire to be able to present a good retention record—have led to a series of changes in the definition of a "permanent hire" who is "still on the payroll." The instructions for participants in the MA–5 program were:

> When a worker terminates his employment with the company, or after 2 years, a termination card should be completed in ink and returned to: JOBS (JOBS: Request for Proposal, MA–5, p. 45).

The instructions for participants in the MA-6 program, however, omitted any mention of the 2 years rule on retention, and stated simply:

> The Completion/Termination Card * * * should be completed by the contractor when either of two events occur:
>
> When a worker successfully completes his period of upgrading or entry program training specified under the JOBS contract, or when a worker terminates his employment with the company for any reason prior to completion of training (JOBS 1970, p. 73).

At the present time, as a matter of fact, NAB is going over its hire and retention cards and listing anyone who was employed for at least 6 months, even if he is known to have terminated after that point, as a "permanent hire" who is "still on the job."

Since some of the training programs are more than 6 months in duration, this means that trainees will be counted as "permanent hires" even before their period of subsidized employment is ended. Yet, interestingly enough, this has not significantly raised the "retention" rate, since so many terminate in less than 6 months.

The Department of Labor recently spent about $10,000 to design a new and more adequate reporting system. When it was shown to NAB, they rejected it.

Difficulties Are Conceded

One possible conclusion that can be drawn from all of this is that NAB's widely publicized claims of success must be viewed with skepticism. A news release dated February 9, 1970, for example, states that:

> As of June—the end of its first full year—NAB had helped in the hiring and training of a total of 175,000 workers. Of these, 107,000 were still on the job.

National NAB officials, when pressed about these figures, admit that they cannot be verified, as their own audits have shown. They state that such figures are meant "for the business community," as a means of encouraging them to participate in the JOBS program.

Thus it is difficult to answer the question, "What is JOBS accomplishing?" The very desire to enlist the voluntary cooperation of businessmen dictates a handsoff policy in determining the kind of program to be instituted, the supervision of its progress, and the collection of verified data on its results. On a nationwide basis, we simply do not have any certain picture of what NAB/JOBS has done.

IV. A LOOK AT SOME SPECIFIC CONTRACTS

In order to look further into the operation of NAB/JOBS, some firms in the Washington area which have MA–3, MA–4, and MA–5 contracts were interviewed. More was learned by reading through contracts on file in the Department of Labor. Additional interviews were held with JOBS contractors in a number of other cities. (It might be noted at this point that a thorough study of the operations of the NAB/JOBS program is now being conducted by the General Accounting Office in five cities: San Francisco, Oakland, Portland, Seattle, and Detroit. The results of this study, however, will not be available until at least October 1970.)

Many characteristics of the NAB/JOBS program in operation seem clear as a result of the research which has been done thus far. Some of them can be illustrated by looking at a JOBS program which seems to be both working successfully and fulfilling the intent which Congress had in appropriating JOBS funds.

The IBM Corp. was involved in the NAB/JOBS program from the beginning. One of its executives was a member of the task force that recommended the creation of NAB/JOBS to President Johnson. The corporation then committed itself to hiring 900 disadvantaged persons over a 3-year period, 300 each year, and obtained a JOBS contract. The Washington office of IBM has thus far hired 100 trainees, and is now beginning a new group of 15. The recruits are taken from the offices of the Washington concentrated employment program (WCEP).

Program Is Described

The first Washington group had 51 trainees. Some of the initial education and orientation was subcontracted to a group known as MIND, Inc. This procedure reportedly did not work out very well. The group was too large to deal personally with each individual. Further, some doubts about IBM's commitment to the program apparently were communicated to the trainees. As a result, 20 of the 51 dropped out of the program.

At this point IBM reduced the group size to 30, and took over all of the training itself. As a result, 29 finished the program, almost all of whom are still employed. The next group was kept at 20, of whom 19 finished successfully.

The training program is in two phases. The first phase involves learning about IBM: its organization, the wide range of jobs the corporation offers, its policies concerning equal employment opportunity, salaries, and advancement. Those who do not have high school diplomas are given supplemental education designed to prepare them to pass the examination for a high school equivalency certificate. Another area of this initial training is called environmental survival skills: bankers, credit union representatives, and persons from the Better Business Bureau are brought in to discuss

how to use credit intelligently, how not to be cheated by salesmen, et cetera. Finally, the last hour of each day is devoted to personal development, a round-table discussion of personal problems. Just as the environmental survival skills are necessary to a group of people many of whose members have never written a check or had a savings account, so a discussion of personal problems and the problems of adjustment is essential to a group whose members find the life of an IBM employee very different from the way of life they previously experienced—from different modes of dress and manner to a different kind of person with whom they are associating. Some have never before worked with white people.

It should be clear, then, that what is involved in this program is not merely the provision of a job. After all, as one can see by checking the help wanted ads in the daily paper, there are always low-paying positions available as janitors, dishwashers, and so forth. What is being provided by IBM is the chance for a career—and the consequent motivation for what amounts to a resocialization process. It has, in fact, been noted by a number of employers who are running successful JOBS programs that there is a marked and obvious change in the appearance and conduct of JOBS trainees after a year of steady employment.

How Jobs Are Viewed

What is really happening here can perhaps be better understood by looking at some of the results reported in the study entitled "Tally's Corner." Eliot Liebow, the author, spent over a year associating with around two dozen men who regularly hung out around a carryout shop in Washington's second precinct. He reports that menial jobs were available to these men, but never drew any kind of commitment from them. As he puts it:

> A crucial factor in the streetcorner man's lack of job commitment is the overall value he places on the job. *For his part, the streetcorner man puts no lower value on the job than does the larger society around him.* He knows the social value of the job by the amount of money the employer is willing to pay him for doing it. In a real sense, every pay day, he counts in dollars and cents the value placed on the job by society at large. He is no more (and frequently less) ready to quit and look for another job than his employer is ready to fire him and look for another man * * *. Both employee and employer are contemptuous of the job (pp. 57–58).

Thus, when a man from the ghetto approaches a job, he does so with both fear and uncertainty. Possibly neither he nor his father nor any member of his family has done really well at any job. As Liebow reports,

> When we look at what the men bring to the job rather than at what the job offers the men, it is essential to keep in mind that we are not looking at men who come to the job fresh, just out of school perhaps, and newly prepared to undertake the task of making a living, or from another job where they earned a living and are prepared to do the same on this job. Each man comes to the job with a long job history characterized by his not being able to support him-

3

> self and his family. Each man carries this knowledge, born of his experience, with him. He comes to the job flat and stale, wearied by the sameness of it all, convinced of his own incompetence, terrified of responsibility—of being tested still again and found wanting. Possible exceptions are the younger men not yet, or just married. They suspect all this but have yet to have it confirmed by repeated personal experience over time. But those who are or have been married know it well. It is the experience of the individual and the group; of their fathers and probably their sons (pp. 53–54).

The kind of problem that IBM found itself initially confronted with makes sense against this background. Any program which seriously intends to hire the "hard-core unemployed" must come to grips with the suspicion and fear that the possibility of a steady job creates.

It is not simply that offering a menial job under a government program is a total waste of time, since these are already available. It is rather that any attempt to provide continual, respectable employment at a living wage involves a whole process of resocialization. Such a program must attempt to offer the disadvantaged person a series of experiences and options that will lead to significantly changed behavior, so that he can now perform confidently and effectively in the world of work. Motivating the person through this resocialization experience, with its inevitable pains and fears, must be a belief that the corporation involved is offering a bona fide chance to earn a reasonable and steady income. The hard-core do not come with this conviction; rather, considerable skepticism and suspicion is universally reported by those who have hired the hard-core. Given his past experience, little else can be expected. As Liebow reports:

> Armed with models who have failed, convinced of his own worthlessness, illiterate and unskilled, he enters marriage and the job market with the smell of failure all around him. Jobs are * * * almost always menial, sometimes hard, and never pay enough to support a family (p. 211).

Auto Dealer Contract

The possibility of future earnings is more important than starting salary. The Washington area training program run by Amatucci Rambler held 17 of its 20 trainees through a year's training as automobile mechanics even though the salary was only $1.60 an hour. The rapport established in the program and the clear chance to learn a real skill with solid promise of future earnings motivated this high retention.

Thus, it is crucial to the success of IBM's program that the black trainee finds himself in a program run by a black person, and learns that there are black persons at all levels of the IBM organization. It is crucial that he is dealt with personally, and on many levels: economically, educationally, emotionally, socially.

During their first 10 weeks of orientation and job-related basic education, IBM trainees receive a salary of $375 to $400 a month. At the end of this 10 weeks, most go on for 6 or 8 weeks of additional special-

ized training in the particular job which they have selected within the IBM structure. At this point their salary is generally raised to around $450 a month. From that point salary depends on productivity, as it does for anyone else in the corporation. The director of the orientation program consults with the trainee's new supervisor about his particular strengths and problems.

Thus, what is involved in this program is a genuine commitment to the enrollee; personal contact; and an integration into a permanent work force at a good wage, with real possibility for advancement.

"Creaming" Problem Analyzed

Against the background of this program, which has been organized and operated successfully by a major corporation, it should be possible to discuss some of the problems which are encountered as soon as one begins looking into how other JOBS contracts have worked out.

First of all, there is the question of the target population. Who is to be served by the JOBS program? On the face of it, the answer is obvious: the disadvantaged. In practice, however, some persons are clearly more disadvantaged than others. Thus, it is clearly to the employer's economic advantage—it is easier on him—that the trainees be as little disadvantaged as possible. As a result, there is the problem of "creaming"—taking employees who technically meet the poverty guidelines, but who are, in fact, easy to work with. Thus employers report that women are consistently more steady as workers than men. Or an employer can attempt to recruit young men just graduating from high school; if they are members of minority groups, and come from poor families, they meet the guidelines (even though one might hardly think of them as "hard-core" unemployed).

Theoretically, JOBS and CEP are to cooperate in the JOBS program, with CEP serving as the source of the disadvantaged employees. In fact, in many cities, employers do not notify CEP of job openings, but rather select their own trainees from job applicants and then send them to CEP to see if they can be certified as meeting the DOL guidelines for "disadvantaged."

Secondly, a JOBS program which is to provide any kind of skilled job must engage in real training in order to bring the trainee to the point where he is able to perform these jobs. Thus the IBM program provides 10 weeks of initial education, then generally 6 to 8 more of specialized training. There are problems with this; even with Government reimbursement, a company will lose money if many of those who start the training should later drop out (although the possibility of loss is somewhat less under the terms of the new MA–6 contract.) What soon becomes evident in studying any number of JOBS contracts, however, is that there is, in fact, little real training involved for many of these jobs. Many of the jobs positions are really unskilled jobs, no different from those which were always available to the unemployed and unskilled. The Government fee for "on the job training" may amount to little more than a wage subsidy. Thus obtaining a JOBS contract can become a method of subsidizing the costs of one's work force. The period of time labeled "on the job training" is then simply a time of working at the job. At best, it is a time of slightly reduced productivity for a week or two as the job is adjusted to.

As the System Development Corp. study notes:

> The program subsidizes wages because some companies are actually providing little or no OJT [on-the-job training] to the hard-core and the productivity of new hires is almost the same as regular employees, particularly in routine jobs (p. 41).

It should be noted at this point that a JOBS contract does not fund a given number of persons, but rather a given number of job slots. Thus if one has sufficient funds to cover 100 jobs, and 50 percent of the people quit halfway through the contract period, one can simply hire more people. To the extent that one is running a bona fide orientation and training program this would be a real problem—during the early part of the program costs are highest, since trainees are almost or totally nonproductive. Thus one could lose a great deal of money—and a number of employers have—if trainees drop out. If, however, trainees are given jobs which they can perform almost from the first day at work, then one can make money on the contract, for the Government is reimbursing for "training" which is at best a slight decrease in productivity.

The fact is that the positions opened up under JOBS contracts have typically been of a certain type. As the Systems Development Corp. report notes:

> Large segments of industry have not participated, including those employing predominantly white-collar workers or craft union members; the program has been dominated thus far by firms requiring substantial numbers of male factory production workers in entry-level jobs (p. 3).

Looking through Department of Labor records quickly illustrates this.

Leaf Brands, of Chicago, Ill., for example, obtained a contract for 100 package handlers and 100 other workers. So far, a total of 728 persons have been hired under this contract (and the Government has been billed for $260,464). Only 272 of these 728 persons are now on the job. The Leaf program provides for 2½ hours of job-related basic education per week, ½ hour of counseling, and the rest "on-the-job training." Wages are $1.70 an hour for package handlers, rising to $1.75; $1.90 an hour for the others, rising to $1.95. With a program such as IBM's, which provides a genuine time for both readjustment, basic education, and training, a corporation with such a turnover could lose a fortune. Putting trainees to work at once, however, makes turnover almost irrelevant.

The Fala-Mailmen Marketing Corp. of Syosett, N.Y., has a contract for 84 slots, most (71 of them) for addressing machine operators. This is a $243,588 contract, and the Government has so far been billed for $60,775. The company runs 24 hours a day, on three shifts. Two hours of job-related basic education are to be provided three times a week. One shift is to receive this between 6:30 and 8:30 in the morning. Addressing machine operator trainees are paid $2 an hour, rising to $2.25 after a year. The technical level of training can perhaps be gathered from this description of what is to be learned during the second 3 months on the job:

> During the second quarter, his training will be extended to the various adjustments to keep the machines operating

> and to be able to distinguish good material from bad. The training will also include the adjustment of glue levels, re-inking of the coding units, and other similar functions.

So far 174 persons have been hired for these 84 slots, of whom 125 have terminated and 49 are currently employed.

Gilbert Gertner Enterprises, of Houston, Tex., has a JOBS contract for 30 maintenance men. It is an $84,540 contract; so far the Government has been billed for $84,552. The program of Gilbert Gertner Enterprises provides for 2 weeks of orientation, no job-related basic education, and gives no details about "on-the-job training." In fact, some 225 men have been hired at $1.60 per hour under this program, of whom 195 have terminated and 30 are currently employed.

Merit Enterprises, of Brooklyn, N.Y., has an MA–4 contract for 200 assemblers. They begin at a wage of $1.60 an hour, rising to $1.85 a year later. This is a $544,600 contract, for which the Government has already been billed for $299,327. At the $1.85 hourly rate, a trainee completing the program would earn $74 for a 40-hour week or $3,848 for 52 weeks of full employment.

So far, 479 persons have been hired, of whom 446 have terminated, and 33 are currently employed. The contract proposal states that "employees will be strategically placed in production lines under constant supervision in order that the line may continue to produce items in accordance with prearranged scheduling * * *."

The orientation component (for which the Government contributes $325 per trainee, part of the total cost of $2,723 per job slot), includes lessons on "You and Your Preparation for Life," "You and Your Social Environment," and "You and Your Vocation." The orientation, job-related basic education, and supportive services have been subcontracted to American Learning Systems. Questions may well be raised as to the relevance of such courses to disadvantaged persons working on a production line for $1.60 an hour in the New York area, for an employer who is subsidized by a $545,000 Government contract.

The B. B. Saxon Co. of San Antonio, Tex., has a $250,000 JOBS contract to hire 100 workers. This firm provides maintenance and janitorial services for buildings and military bases. Wages for the trainees are $1.60 to start, rising to $2. The proposal submitted to the Government contains the following paragraph:

> It is anticipated that trainees will not reach any degree of proficiency until the end of thirty-two (32) weeks. From that point of training there will be a gradual increase of proficiency that should bring them up to the level of our semi-skilled employees in their field of training * * * We have high hopes of retaining these people as skilled employees within the company, thereby, increasing our productivity.

So far 321 workers have been hired under the program, of whom 297 have terminated; the Government has been charged $223,790.

The use of subcontractors has already been mentioned. A whole series of subcontractors have grown up around the JOBS program, and their activities would seem to bear investigation. Although, it is assumed under the JOBS program that employers are contacted by NAB in order to interest them in obtaining JOBS contracts, many employers are now actually approached by subcontractors who

attempt to interest them in JOBS contracts—and in employing them to supply the supportive services. Often these subcontractors will attempt to supply services simultaneously to several firms who band together into a "consortium." As the Systems Development Corp. study points out:

> Many of the subcontractors are fly-by-night organizations (e.g., in Los Angeles, some 150 firms are soliciting subcontracts). Very few of these firms have the financial or technical capability to perform the services they are offering (p. 44).

Such firms are often referred to as "subcontracting hustlers" or "flesh peddlers."

Relationships between corporations, consortium members and subcontractors often interlock in various ways. In theory, the employers who band together into a consortium are not supposed to make any profit on their JOBS contract. The funds given out by the Department of Labor are intended to cover only the extraordinary costs of training and employing a hard-core worker as opposed to the "ordinary" worker that might otherwise have been hired. There is no such assumption, however, about subcontractors; they are assumed to be profit-making ventures (though not all are, by design or quality of management). Employers are reimbursed for the actual cost of services provided. When they subcontract these services, however, the "actual cost" of the employer may include a substantial profit for the subcontractor.

The treasurer of Manpower Training Consortium in New York, with a JOBS contract for over $6 million, is also the treasurer of American Learning, to which the supportive services are subcontracted. In San Francisco, the Management Council for Bay Area Employment Opportunity is a major consortium with a contract in excess of $1 million. The executive vice president of the Council is on loan from Lockheed; Lockheed is also the subcontractor for the Council. In addition, the same person is the metropolitan area chairman for the San Francisco area office of the National Alliance of Businessmen. There is no evidence that these relationships are necessarily improper, but they do illustrate the kinds of interconnections that can characterize the JOBS program in operation.

The activities of professional JOBS subcontractors are recognized by the Department of Labor.

The JOBS 1970 handbook states, "The Department of Labor recognizes that the initiative necessary to organize a consortium ordinarily comes from those anxious to serve as agents/subcontractors. This is completely acceptable to the DOL" (V–14). At a later point, however, the manual goes on to warn the Department of Labor negotiator that:

> The employer/prime contractor as a "silent partner" of the subcontractor has frequently failed to perform successfully on MA series contracts. * * * the Manpower Administration has determined that when the employer proposes to use a commercial subcontractor to supply more than one supportive service, negotiations shall be conducted only with the prime contractor and not with the subcontractor as agent * * *. The subcontractor is not to be allowed to seize

control of the negotiations or to think and react for the prime contractor (V–24).

How such subcontractors operate may be exemplified in the activities of Manpower Training Service Division in Washington, D.C. This firm formed a consortium with five firms, two in Baltimore and three in Washington. Trainees are obtained either from the Washington CEP office or from those who walk in looking for work. After a week's orientation, trainees were sent to one of the three Washington firms. There is a second site in Baltimore.

Those sent to the Washington Gas Light Co. are hired for manual jobs. Thirty-four have been sent to this program, of whom 12 are still employed.

Only one person was sent to M. S. Ginns & Co.; she "did not work out" and no more trainees were accepted. Apparently no one at the firm was told that she had been hired under the JOBS program.

The third Washington firm, People's Drug Stores, has accepted 109 persons, of whom 17 are still employed. When interviewed, the personnel manager of People's Drug said that he joined the JOBS program because Manpower Training Service Division approached him, and he wanted to help; that some store managers have proved much more sympathetic to trainees than others, so that now managers who are known to be more effective are the only ones to whom trainees are sent; and that the firm really did not know what it was getting into when it agreed to join the consortium. He further stated that the Washington staff of Manpower Training Services had had an almost 100 percent turnover since the program started, which hurt coordination. The trainees are expected to attend classes at Manpower Training Services 2 days a week, 3 hours each day. The 38 male trainees employed in maintenance work have had an average stay of 1 month and 9 days; the 45 clerks (mostly women) have stayed an average of 1 month and 14 days. The pay is $1.80 an hour. Short as these periods of employment were, the personnel manager stated that they were not greatly different from the period of employment of many regular People's Drug employees in the District of Columbia area.

As of November 30, 1969, the Government had paid out $28,702 for the trainees hired by People's Drug, of which $10,614 actually went to the employer, and $18,088 to Manpower Training Services. For the group as a whole, the Government has paid out $153,965, of which $84,158 has gone to employers and $69,807 to Manpower Training Services. (Notice the effects of "front-end load"—since Manpower provides more services to employees who stay a short time and then leave, the proportion of the money going to Manpower is quite a bit higher for People's Drug, with its very rapid turnover, than for the program as a whole.) It should be noted that Manpower Training Services states that its Washington operation has operated at a net loss of $34,862.

This kind of approach to a JOBS contract is no rare exception. Manpower Training Services operates centers in Boston, Newark, Washington, Baltimore, Chicago, Detroit, Milwaukee, Minneapolis, St. Paul, Fort Worth, Kansas City, Denver, Los Angeles, Oakland, Portland, and San Diego. All together this group of offices has contracts for 555 job slots, has hired 1,115 persons, of whom 277 are now on the job (retention=25 percent) and has received a commitment

of $1,582,461 in Government funds, of which $1,004,399 has already been invoiced.

There can be a good deal of money involved in subcontracting for JOBS contracts. Take, for example, the $472,000 contract obtained by the Freeport Shrimp Association to hire and train 150 shrimp fishermen. For a 6-week course in "communication skill * * * elementary training in net repair, line handling, sanitation practices in handling of the catch, elementary navigational procedures, and vessel operating systems," the James W. Fitzgerald Laboratories of Annapolis, a subcontractor, receives $1,131 per trainee. A description of the program supplied by Fitzgerald Laboratories gives eight case histories. In two of these case histories it is mentioned that the men involved (case histories No. 2 and 5) went out to sea after finishing 4 of their 6 weeks of shore training.

This same booklet reports that the Freeport Shrimp Association has hired 271 men, of whom 26 have completed the program, 109 are in the on-the-job training phase, and 28 are undergoing shore training, with a retention rate of 60 percent. Thus 108 men have terminated; these figures are given as accurate as of February 1, 1970.

Labor Department figures, taken from invoices for payment, and accurate as of February 28, 1970, indicate 272 hires, 37 completions, 155 in the on-the-job phase, and only 80 terminations. A letter was sent to the Freeport Shrimp Association asking for confirmation of the number of terminations, but no answer was received. So far, the Government has been billed for $358,988 for this program.

Another group, Manpower Training Consortium of New York, has offices in Boston, New York, Newark, Baltimore, Philadelphia, and Miami. This group has an MA–4 contract for 1,955 job slots, and a Government commitment of $6,235,863. This contract became operative in April of 1969. By February 28, 1970, 666 persons, were hired, of whom 281 have already terminated, and the Government billed for $244,939. Evidence submitted to the subcommittee indicates that many of the supportive services called for in this contract are not actually being provided.

It is difficult to see how some of the programs presently supported by JOBS contracts can provide the personal contact or career-orientation that make for a successful JOBS program. By supporting employers who offer dead-end jobs with little or no hope for advancement the Government may be merely subsidizing the employer's labor force. When the Government pays the Austin Laundry and Dry Cleaning Co. of Austin, Tex., to hire silk finishers at $1.30 an hour, rising to $1.55 after 9 months, or the Laurelwood Medical Hospital of San Antonio to hire maids and cook helpers at $1.30 an hour, rising to $1.45, it may create little opportunity or employment that the hard core would not have had available anyway. The $1.45 an hour wage figures out to $68 a week, or $3,536 a year. This is below the poverty line for a nonfarm family of four.

In some instances JOBS contracts have been used to set up an entire business operation, with the whole work force made up of JOBS trainees. One example of such an operation is the DICO Corp., located in Washington, D.C. DICO is a wholly owned subsidiary of the Martin Marietta Corp. It has, at the present time, five managerial personnel and 35 workers. At one time all of the

workers were covered under the MA–4 contract which funds the operation, although now three are not. The DICO Corp. was set up by Martin Marietta for the purpose of providing employment for the hard-core unemployed. Of the five managerial personnel, none had had any previous experience with this kind of operation. The plant manager had previously been a private housing contractor. The vice president and general manager, who was interviewed, previously taught social work. The firm produces wooden pallets. The work is semiskilled, taking perhaps 2 weeks for a trainee to reach full productivity. An hour a day is spent on classroom instruction. Wages begin at $1.70 an hour, and rise to $2 an hour beginning with the 13th week. The firm is now operating largely on Government contracts. In a year, the plan is that the firm will be efficient and solvent enough that it can separate from Martin Marietta and operate on its own. It is only now beginning to show a profit, due to a series of problems and troubles encountered in the first year of operation.

The extent to which a JOBS contract can subsidize a labor force can be considerable. The Globe Bag Corp. of Miami, Fla., for example, obtained a contract for 300 sewing machine operators. CDC International of Summit, Ill., has a contract for 200 laborers. Lucky Stores of San Leandro, Calif., has a contract for 258 grocerymen. (Job-related basic education, they say, will be provided "after hours as required.") The Dallas Dry Cleaning Consortium has a contract for 450 pressers.

A number of the largest such operations seem to be in the South. The State Poultry Co. of Jackson, Miss., which had 242 employees, received a $408,190 contract to hire 140 JOBS trainees with wages beginning at $1.60 an hour and rising to $1.80. PAC Columbia Mills of Columbia, S.C., has a $705,113 contract to hire 400 employees (present work force is 1,900) in jobs beginning at $1.83 an hour and rising to various rates, all but one between $1.91 and $2.35 an hour.

Another South Carolina operation, Woodside Mills, received a $1,856,000 contract to fund 1,100 mill positions (present number of employees is 4,775), all starting at $1.60 an hour, rising after 9 months to rates largely between $1.84 and $2.49. The significance of such a subsidization of one's labor force, especially in a competitive industry, should be obvious.

It might be mentioned that much of the money paid out under manpower contracts lies in the "supportive services" to be provided by the employer. The Government can be charged a considerable amount for such services; just what the trainee actually receives might be something else. Woodside Mills, for example, charges for 80 hours of "orientation." This includes a 2-hour allocation for "location of rest rooms and canteens." Further, half of this orientation period is described as follows:

> Additional followup orientation and counseling not to exceed total of another 40 hours will be carried out by counselor and/or personnel director. This will include areas where reorientation or special needs apply.

An audit of Globe Bag Corp. disclosed that "with the exception of transportation and supervision, supportive services are not provided to the trainees." It seems that the subcontract mentioned in the pro-

posal had never been executed; the auditors computed that the corporation had filed $4,637 in claims for services not provided.

Merit Enterprises budgets $852 per job slot for job-related basic education; their description of the program stipulates that "* * * the trainee will report to the center during the hours in which his subject-matter is scheduled, and during such hours as he can spare away from his OJT."

The State Poultry Co. states that, "Special counseling and job coaching will be done informally on an individual and small group basis," and "coaching will be done in the plant by assigning a regular employee in the work unit to act as a 'buddy' on a ratio of 1 to 5." Cost to the Government of this informal counseling is $56,000.

It appears that many JOBS contracts have been used to subsidize low-paying jobs which have little future or chance for advancement. According to the latest JOBS handbook, 45 percent of MA–3 trainees were hired at less than $2 an hour (p. I–2). As a result, the turnover in these jobs has been considerable. Not only does this result in considerable cost to the taxpayer for no appreciable return; it also may produce bitterness in the disadvantaged trainees, who may feel that they have been "used."

Ideally, the National Alliance of Businessmen is a source of help and support to the firm which is attempting to hire, train and retain the disadvantaged. In fact, the amount of assistance available from NAB varies considerably. The principal help offered by the National Alliance of Businessmen to those obtaining JOBS contracts has been a program of "sensitivity training" which may be taken by management personnel who will be in actual daily contact with the newly hired trainees. The expenses for such training may be paid by the Government, and are regularly included in JOBS contracts. While such programs undoubtedly have some value, their effectiveness can be overestimated. As the Systems Development Corp. report notes,

> Unfortunately, these programs have been limited in their effectiveness because of the limited investment that has been made in them. Seminars, workshops, lectures, films, and combinations thereof have been attempted, but with disappointing impact. It is unreasonable to expect that any 1- or 2-day program, however professionally designed and skillfully administered, will overcome the habits and attitudes of a lifetime; yet some employers have acted in the belief that it will, and have assumed that, because they have a sensitivity training component, the problem is solved (p. 6).

The lack of consistent or effective assistance, combined with quick contract negotiation and little monitoring by the Department of Labor may lead to ineffective programs in many companies.

An example that illustrates both the problem of front-end load and results of inadequate supervision can be found in the experience of the Hotel Employers Association of San Francisco. This group obtained an MA–4 contract in order to train 100 persons for front desk hotel positions. The first trainee was hired in February 1969. At that time, it was realized that there were no funds available to start the training school which the contract called for, and which the job required. (Such clerks, for example, must know how to operate

accounting machines.) The person responsible for running the program was dismayed to find that he had to place persons on the job with no training in order to collect money from the Government so that he would then be in a position to pay for the necessary training. When the General Accounting Office began its San Francisco study in January 1970, it discovered that the training school had still not been set up. Since there is only one person at many front desks in small hotels, there was no one to give even minimal on-the-job training. As of February 28, 1970, a total of 36 persons had been hired, of whom 14 were still on the job. In fairness to the association, it should be stated that they had not pocketed the JOBS subsidy; the bulk of it (some $15,000) is still in a bank account, presumably waiting the time when enough will be accumulated to begin the training the original contract called for.

The San Francisco hotel JOBS contract stated that "all supportive services and pre-OJT training" would be supplied by the "Teamster Training Counsel." The contract stated that "* * * the Employers Association will subcontract the performance of all supportive services to the TTC, the latter to remain in existence at least 24 months."

The Labor Department, in negotiating the contract, apparently assumed that the "Teamster Training Counsel" was an organization. The contract stated: "The subcontract will be located at 25 Taylor Street, where training facilities, plus experienced personnel are presently available." As it turns out, the "Teamster Training Counsel" was one person—a legal counsel—who had an office at the Teamsters Union (the jobs in the contract are all Teamsters Union-organized). Since no money had been provided to set up the training, nothing was done.

Services Were Not Provided

A similar example is found in the case of Valley Crest Landscape of Concord, Calif., also discovered by the General Accounting Office. Valley Crest obtained a contract for 10 "landscape gardeners." Apparently the firm originally thought that someone from the local Opportunities Industrialization Center (OIC) would help provide the supportive services. This did not work out, however, and so the JOBS hires were treated essentially the same as any other new employees, except perhaps that more consideration was given to their lower productivity. None of the supportive services called for in the contract were being provided when the General Accounting Office came on the scene in January 1970 (the contract had gone into effect in April 1969). As of February 28, 1970, 52 persons had been hired and 48 had terminated, and the Government billed for $8,575. As a result of the audit, a community action group in Berkeley is now supplying supportive services.

What has come up over and over again in the staff study is that the combination of "quicky" contract signing and limited monitoring almost guarantees misunderstandings, problems, and a failure to catch deteriorating situations quickly enough to do something about them.

As Levitan, Mangum, and Taggart note in "Economic Opportunity in the Ghetto":

> * * * exclusive reliance upon executives loaned by cooperating companies restricts, if not completely precludes, Negro participants in NAB, because few of the corporate

> executives are black. NAB's inability to provide adequate technical assistance to aid participating employers in the unfamiliar task of assimilating the disadvantaged, as well as the unsettling effects of constant turnover among local NAB volunteers, have led some within NAB to advocate permanent staffing. Yet this would create a private bureaucracy which would soon be guilty of most of the ills which beset the public counterpart (p. 33).

There have been instances where NAB officials have paid more attention to the quality of the JOBS program than to the number of pledges and hires. Levitan, Mangum, and Taggart report one such case, in which—

> * * * a new director took over a moribund organization in an eastern city. Suspecting the "freebies," [a term used to describe those reported as hired by noncontract employers] he concentrated on securing and administering MA contracts, forcing changes in those he considered inefficient. Pledges in that city are fewer but results are more apparent and testable. However, the director's rapport with the disadvantaged community is now much better than his relations with the business community (p. 34).

Community Action Role Urged

If the local community action agency or concentrated employment program personnel had had a voice in the negotiation of JOBS contracts, the process might have been improved. At the present time, some employers "cream" workers who technically meet the definition of disadvantaged but who are really not hard core. Some employers use CEP as a source of workers, but give CEP—which sends workers to them, and whose credibility in the ghetto is thus very much involved—little voice in how the program is to be designed and run. Thus if the worker finds out that the "education" is a joke, the supportive services not provided, and the job a menial and deadend position, he may return to the ghetto more bitter than before. And he may hold CEP responsible, although the JOBS program is quite outside CEP control.

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V. SUMMARY

In summary, the fundamental principle of JOBS—hire first, then train—is a sound one, and can work. A number of firms holding JOBS contracts have designed excellent programs for hiring, training, and retaining disadvantaged Americans. The program, however, suffers from insufficient supervision. Many employers have gotten involved in JOBS with little understanding of how to work effectively with the hard core. Others have sought and obtained JOBS contracts primarily as a means of cutting costs or solving personnel problems during a period of full employment and, in some instances, actual labor shortages.

Mr. Roy L. Coffee, vice president of Lowenstein Textile Mills (of which PAC Columbia Mills is a wholly owned subsidiary), stated in a letter to the Regional Manpower Administrator: "We feel that this program will mutually benefit our community and our company." He goes on to say:

> Our turnover has been excessive, especially among the jobs that are staffed from the hard core section. The supportive services, and particularly the counseling offered in the MA–5 program, in our opinion, should be of great benefit to us and to the worker. We are in a real tight labor market in the Columbia area and this additional training that should increase our retention rate will enable us to continue running our equipment full.

Another statement of this kind is found in a letter from Mr. Thurman Barrett, Jr., of the San Antonio Home Builders Association:

> Our industry has endured a critical shortage of skilled labor for some time now and it is evident that only through such a program as the JOBS MA/3 program can there be a relief to this situation.

The JOBS program, operating in a full employment economy, has sometimes been used to recruit and try to hold workers for low-level jobs with little or no future. These are often jobs which would be taken largely by the poor and uneducated in any event. Thus some JOBS contracts appear to have been used to provide certain employers with what amounts to a subsidized labor force. The government has reimbursed some employers for on-the-job training which involved little real training.

There has been little participation by representatives of the poor in the negotiation and administration of such contracts. A great deal of the NAB effort has gone into obtaining job pledges and producing publicity. A limited amount of effort has gone into working with

employers to insure that their programs are well designed and effectively run, and are genuinely aiding the poor.

Further, the whole economic incentive of the program rests on the assumption of a full-employment economy sorely needing entry-level workers.

As Levitan, Mangum and Taggart report in their study "Economic Opportunity in the Ghetto":

> To separate the effects of an early blossoming of social consciousness from those of a tightening labor market and the company's consistent needs for unskilled workers is to attempt to unscramble the proverbial egg. The NAB director for the Detroit area claimed that if the city were given another pledge of 20,000, it would be unable to fill the jobs, especially since two of every three unemployed are women and most manufacturing jobs are restricted by law or practice to men. Obviously, the automobile companies had nowhere to turn but to the disadvantaged (p. 31).

As the economy cools off, and as the contracts generated by the war in Vietnam are reduced, as workers must be laid off, JOBS contracts may lose their attractiveness for employers. Under such conditions, some JOBS contractors offering bona fide training and good pay will find the contracts unprofitable, or even—in a time of layoffs—impossible.

Whatever problems may be present in the NAB/JOBS Program as it now stands, however, there is no question that it has made significant contributions to the problem of finding jobs for the hard-core unemployed. As with any new program, particularly one with such an ambitious goal, it is hardly surprising that problems have been encountered in attempting to carry out, on a practical and nationwide scale, one of the first programs to significantly link together Government and private enterprise for the solution of a most pressing social problem. As Levitan, Mangum and Taggart indicate:

> * * * for every anecdote of a firm on the make or less than fully committed, there are equally documented cases of firms going far beyond their contractual obligations to absorb extraordinary costs and expand extra efforts. (p. 35)

The benefits of the JOBS program go beyond the jobs given to thousands of disadvantaged persons. Many of the executives who have worked for NAB have gone back to their parent companies with a greatly increased understanding of the problems of the disadvantaged, and an increased concern for contributing to the solution of those problems. Firms which previously would not have thought of hiring the hard-core, or perhaps even any member of a minority group, have found that a change in this policy is a benefit not only to the hard-core disadvantaged, but to themselves.

Recommendations for improvement in the JOBS program might then include:

(1) Less push to negotiate large dollar amounts of JOBS contracts, and more concentration on high-quality, effective programs. Labor Department representatives should be rewarded for negotiating contracts that will carry out the stated purpose of the program, rather than for spending their appropriations.

(2) Members of community and minority groups should be included in the negotiating process from the very beginning, both to give help and advice and to aid in screening out exploitative contracts. The Government Accounting Office recommendation that CEP operations be coordinated fully with the JOBS program needs to be carried out.

(3) Much closer supervision is needed to see that supportive services contracted for are actually provided, and that instances of rapid turnover are quickly spotted and corrected.

(4) Proposed JOBS contracts which do not offer reasonable wage levels upon completion of training would seem to be open to serious question. (This issue, incidentally, tends to divide NAB and the Labor Department, on the one hand, from regional offices of the Office of Economic Opportunity and Community Action and CEP representatives on the other hand. NAB and the Labor Department press to fill job pledges. OEO, CAA's and CEP's tend to question whether filling some low-paying job pledges will merely "perpetuate poverty.")

(5) Particular care should be taken to assure that on-the-job training—a fundamental of the JOBS program—is actually provided and is of sufficient value to justify the substantial amount of Federal money invested in it. If real training is not being provided, beyond that given to a typical employee not covered by a JOBS contract, then consideration should be given either to discontinuing the payment for training or labeling it as a direct subsidy to encourage the hiring of the disadvantaged.

(6) Special scrutiny should be given to the activities of subcontractors, to make certain that whatever services they provide are useful, appropriate, and realistically priced.

Correspondence With Labor Department

U.S. Senate,
Committee on Labor and Public Welfare,
Washington, D.C., March 24, 1970.

Hon. George P. Shultz,
Secretary of Labor,
Washington, D.C.

Dear Mr. Secretary: In connection with our subcommittee's hearings on the Administration's Manpower Training Act, the Department of Labor has submitted an interesting exhibit outlining the effect on various groups of an increase in unemployment from 3.7 percent to 4.7 percent.

A reading of this exhibit, combined with reports on difficulties being experienced in the JOBS program, seems to indicate a need for a review of budget requests made by the Labor Department. In earlier testimony before our subcommittee, the Labor Department expressed its intention to commit $420 million to the JOBS program in fiscal 1970. I understand this has been revised to $300 million. In addition, however, the administration has requested $375 million for fiscal 1971. These amounts at this point appear to be unrealistic. Even if unemployment were not rising, it seems doubtful that the department could effectively commit a total of $675 million to the JOBS program in fiscal 1970 and 1971.

This would seem to be an appropriate time to review some of the decisions made earlier on programs designed to serve disadvantaged teenagers. If the JOBS program does not appear at this stage to be the

most effective program available to us to meet rising unemployment, especially among disadvantaged teenagers, it would seem wise to reallocate these funds promptly to other programs.

I would appreciate your comments on this matter.

Sincerely yours,

GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower and Poverty.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, April 8, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I appreciate receiving your letter of March 24, in which you indicate your concern for the status of the JOBS program.

I want to express my unreserved commitment to the JOBS program as one effective tool in our efforts to ameliorate poverty and unemployment among our country's disadvantaged citizens. Since its inception the JOBS program has made major contributions to our total manpower effort. Under the leadership of the National Alliance of Businessmen, it has been the vehicle for an unprecedented level of involvement of American business in this effort. Almost 25,000 companies have participated in the program to date.

Performance of the program has been impressive by any objective standards. Over 380,000 persons have been hired by participating JOBS employers since the program's inception in May 1968. Of these over 75 percent have been noncontract, a larger proportion than earlier anticipated. The contract portion, currently over 100,000 slots, is almost double the level at the start of this fiscal year. Program data confirm that indeed the JOBS program is reaching the hard-core unemployed. Average family income is about $2,500. Enrollees have an average 10.5 years of education; and were unemployed 21 weeks during the year before entering the program. Almost 85 percent are members of minority groups.

In recent months the economic slowdown has affected our short term expectations for the JOBS program's level of performance in the immediate future. Despite the fact that we have recently experienced our most active month of contract awards this fiscal year, the need may arise to shift funds from JOBS to other manpower activities in the months ahead. We are currently engaged in discussions concerning this contingency.

We will soon present to our appropriations committees a report on the utilization of the recently enacted fiscal year 1970 appropriations. As our plans develop, we would be happy to share with you our thinking on these matters. To be effective, we recognize that manpower programs should have the capacity to adapt the changing labor market conditions. Such flexibility is a major objective of the proposed Manpower Training Act.

Once again I appreciate your expression of concern and always welcome the leadership and interest which you bring to manpower policies and programs.

Sincerely,

GEORGE P. SHULTZ,
Secretary of Labor.

U.S. SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., April 13, 1970.

Mr. ARNOLD WEBER,
Assistant Secretary, Department of Labor,
Washington, D.C.

DEAR MR. WEBER: The staff of the Subcommittee on Employment, Manpower, and Poverty is publishing a preliminary committee print on the JOBS program for the information of subcommittee members, to use prior to the hearings planned for May 5 and 6. A considerable amount of information from the Labor Department is vital for this committee publication. We would appreciate the assistance of the appropriate staff members of the Labor Department in obtaining this information promptly.

A letter to Secretary Shultz dated March 23, made a general request for "the results of the JOBS program thus far," including pledges, hires, and retentions, covering both the contract and voluntary portions of the NAB–JOBS program.

In addition, I would like the subcommittee staff to work with appropriate Labor Department staff people to obtain the following information:

(1) The Labor Department's computation of the retention rate and dropout rate in the JOBS program, along with whatever material is necessary to explain and interpret those figures.

(2) A complete updating of the chart shown on page 237 of the hearings entitled "Closing of Job Corps Centers," published in May 1969. This table is headed "Characteristics of USDL Manpower Programs and Job Corps."

(3) The Labor Department's computation of the cost per enrollee in the JOBS program, computed in such a way that it is comparable to figures used for the cost per enrollee in other manpower programs. If possible, it would be helpful to compute both the cost to the Federal Government and the cost to participating firms if this information is available.

(4) An updating of the announcement which the Secretary of Labor made on June 5, 1969, in testifying before this subcommittee (page 485 of hearings on Economic Opportunity Amendments of 1969) in which it was stated that the Labor Department has asked Congress for funds to "provide the money necessary to finance 140,000 jobs—75,000 more than in fiscal 1969." A similar statement, supplied by the Labor Department for insertion in the hearing record, appears on page 249 of the hearings on "Closing of Job Corps Centers."

(5) An explanation of the table which appears on page 281 of the hearings on the "Closing of Job Corps Centers" in which 140,000 training opportunities are listed under the JOBS program for fiscal year 1970, resulting in a total of 1,022,280 total training

opportunities available under manpower programs for fiscal 1970. From statistics available to this subcommittee it appears that these goals were not reached, and we would like to have the relevant figures from actual experience to substitute for the figures used in that table.

The subcommittee staff must submit the committee print for printing on Friday, April 17, so we would appreciate it if this information could be made available forthwith.

Sincerely yours,

GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE ASSISTANT SECRETARY FOR MANPOWER,
Washington, D.C., April 16, 1970.

Hon. GAYLORD NELSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR NELSON: This will reply to your April 13 request for certain information needed in preparation of a committee print on the JOBS program which your subcommittee members will review in advance of the scheduled hearings on the JOBS program.

The first of the five questions raised in your April 13 letter deals with the computation of "retention" and "drop-out" data for the contract segment of the JOBS program. The Secretary's recent response to your March 23 request for pledge, hiring, and retention data for both contract and noncontract JOBS contains some information which is relevant to this question.

As the Secretary indicated, we are not in a position at this time, unfortunately, to provide comprehensive retention and drop-out rates for contract JOBS. Until very recently, we tabulated employee data for contract JOBS under the following captions: "Cumulatively hired"; "Terminations"; and "Current trainees."

The last is an accurate reflection of persons who at a given moment are still in training with the contractor by whom they were hired. The second, on, the other hand, aggregates all those no longer in training—no distinction was made in the reporting system between those not in training because they were dropouts in the traditional sense and those dropped from trainee status because they had satisfactorily completed the training programed for them. Many of the persons employed under our older contracts—those approved roughly from the spring of 1968 to the end of calendar year 1969—have long since completed training and been absorbed into the employer's regular work force, or perhaps have moved on to a new job with a different employer. In our present statistics, however, these persons are comingled with dropouts in a common "terminee" category.

We have recently revised our reporting system to correct this problem. Effective during the February reporting period, contract employers are required to report the following information with respect to persons hired under their contracts: number hired cumulatively; number still in training; number dropping out before completing training; number successfully completing training and em-

ployed by the contractor as a regular employee; and number terminating employment with the employer after making the transition to regular employee status.

The detailed explanation of the reporting system and the related definitions are enclosed as exhibit No. I. We also hope to implement a followup system, now in the experimental stages, which will enable us to track former program clients to determine how they have fared since their affiliation with the program ended. However, it will be some time yet before these efforts will be productive of sufficient information to enable the question of contract JOBS program retensions and dropouts to be seen in better perspective.

We are going to be delayed in updating the table referenced in point No. 2 of your letter. This table provides certain financial information relative to our several discrete manpower programs as well as selected information on terminations and postprogram status of persons who participated in these programs.

All of the information concerned here is not being tabulated on a current basis for our programs at this time, when we are in the midst of a major conversion in our data operations. Until the conversion is completed, we are dependent for more recent information in these areas on special computer runs or other types of tabulations. I have, however, requested our data systems staff to take the steps necessary to compile the most comprehensive up-to-date statistics that are available and forward them to you as soon as possible.

In response to your third question, the development of the unit cost for each employee/trainee under the JOBS program is based on the extraordinary costs of hiring and training disadvantaged persons. The level of reimbursement to the employer is determined by the skill level of the occupation and the wage rate paid by the employer to the employee/trainee. Also included in the unit cost are other supportive services such as transportation assistance, day care and health services as needed by the employee/trainees. Further details for determining the fixed unit cost are included in the JOBS 1970 announcement which I have enclosed as exhibit No. II.

Reimbursement to employers under the JOBS program is provided through a fixed unit cost, performance-type contract. The period of reimbursement varies according to the length of training in the JOBS 1970 program; for 195 days under the MA–5 program; and for 260 days under the MA–3 and MA–4 programs.

The average cost per enrollee has dropped during fiscal year 1970 to a level of approximately $2,400 per employee/trainee. This figure is developed using the factors noted above and includes current data on obligations for both the MA–5 (195 days reimbursement time) and JOBS 1970 (period of training, 8 to 45 weeks). The unit cost figures for other manpower programs such as new careers ($4,200), Operation Mainstream ($3,800) and the Out-of-School Neighborhood Youth Corps ($2,800) are based on the cost of maintaining services to a person for a full year including the payment of wages. The MDTA institutional program has a unit cost of approximately $2,000 per person and is based on the period of training for an individual including the payment of training allowances.

The various manpower programs operated by the Department utilize considerably different means to achieve their objectives, and it

is difficult at this time to fully equate the unit cost figures between programs beyond the matching of gross unit costs noted above.

It is also difficult to fully assess the costs to employers for the hiring and training of disadvantaged persons because many employers do not keep detailed cost information for the training of new hires, whether they are regular entrants or disadvantaged persons. It is the judgment of the Department staff and the National Alliance of Businessmen that the JOBS program, and specifically the JOBS 1970 program, provides to employers approximately 70 percent of the costs of training disadvantaged persons. In the case of a JOBS contract providing reimbursement of $3,000, the employer will normally have to provide an additional $1,286 to bring the individual to a fully productive level.

Regarding the final two questions, the original budget request for the JOBS program was, as you know, scaled down to $300 million from the original level of $420 million. This represents a decrease of 40,000 training opportunities to a revised JOBS level of 100,000. The amended total training opportunities are noted in exhibit No. III which provides for 1,123,500 training opportunities, including the Job Corps which was not a part of the table noted in your letter.

The impact of economic changes may further affect the JOBS program goal of 100,000 training opportunities. As Secretary Shultz noted in his response to your letter of March 23, we are expecting to reach a level of approximately 75,000 opportunities in the JOBS program by the end of the fiscal year. In view of this, we are examining all possible means for effectively utilizing funds not required for the JOBS program. Our plans are geared to maintaining at least the revised objective of 1,123,500 training opportunities for fiscal year 1970 in all of the manpower programs administered by the Department of Labor.

I trust this information is sufficient to meet your needs.

Sincerely,

ARNOLD R. WEBER,
Assistant Secretary for Manpower.

Enclosures.

(EDITOR'S NOTE.—This is the May 1969 table on characteristics of manpower programs, referred to in question No. 2 in Senator Nelson's letter and in the reply from Assistant Secretary Weber.)

CHARACTERISTICS OF USDL MANPOWER PROGRAMS AND JOB CORPS[1]

Program	Planned man-year operating, cost				Percent who left within 90 days	Placement (employment Armed Forces and full-time school)
		Federal				
	Total	Wages allowances	Other	State and local		
Job Corps	$6,470	$1,330	$5,140	[2]	55.0	65.0
Neighborhood Youth Corps:						
In school	832	670	160	$90	37.3	[3]
Out of school	2,800	2,390	410	280	48.3	[4]
Summer	1,670	1,340	330	170	[5]	[5]
Operation Mainstream	3,820	2,900	920	390	51.1	[3]
New careers	4,200	3,190	1,040	420	[3]	[3]
Work incentive program	1,500	400	1,100	300	[3]	[3]
Concentrated employment program	1,090	550	540	110	[3]	[3]
Job opportunities in the business sector	3,110	0	3,110	0	48.0	[3]
Manpower Development and Training Act:						
Institutional training youth (under 22)	1,885	985	980	80	[6] 32.0	[7] 75.0
On-the- ob training youth (under 22)	660	0	660	0	[6] 40.0	87.0

[1] (a) The length of stay is not a meaningful comparative item because programs may be designed for training periods of varying lengths. A Job Corps enrollee, for example, could be enrolled in a 2-year program; and, a New York City summer enrollee would be in a 10-week program. (b) Educational gains in reading and math are not available for any program except Job Corps.
[2] Sponsor's share is negligible.
[3] Not available.
[4] Not available.
[5] Not applicable.
[6] Percent of enrollees who did not complete training. Includes those who left after 90 days.
[7] Placement rate based on completers and those who found a job.

Source: Office of Manpower Management Data Systems, May 5, 1969

MANPOWER ADMINISTRATION, FISCAL YEAR 1971 CONGRESSIONAL SUBMISSION

[Dollars in thousands]

Appropriation/Activity	Fiscal year 1969		Fiscal year 1970		Fiscal year 1971		Change: Fiscal year 1970 to Fiscal year 1971	
	Actual obligations	Training opportunities	Amount	Training opportunities	Amount	Training opportunities	Amount	Training opportunities
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General revenue:								
MA-S. & E. (new authority only)	$29,673	[1]655	$40,639	1,142	$43,667	[1]1,257	+$3,028	[1]+115
Experimental and demonstration	15,022		15,299		15,118		−181	
(New authority)	(14,904)		(15,118)		(15,118)			
(Prior year authority)	(118)		(181)				(−181)	
Mobility and bonding			391				−391	
Research	3,800		3,800		3,800			
Evaluation					1,700		+1,700	
Construction seasonality study			400				−400	
Program support (see trust fund also)	10,984	[1]655	20,939	[1]1,142	23,049	[1]1,257	+2,110	[1]+115
(New authority)	(10,969)	[1](655)	(20,930)		(23,049)		(+2,119)	
(Prior year authority)	(15)		(9)				(−9)	
MDTA (new authority only)	383,763	210,500	651,127	362,000	747,494	330,300	+96,367	−31,700
JOBS/OJT	102,946	81,400	284,608	141,700	340,000	130,500	+55,392	−11,200
(JOBS)	(42,517)	(13,500)	(230,000)	(76,700)	(320,000)	(106,700)	+90,000	(+30,000)
(OJT)	(60,429)	(67,900)	(54,608)	(65,000)	(20,000)	(23,800)	(−34,608)	(−41,200)
(New authority)	(55,839)	(67,700)						
(Prior year authority)	(4,590)	(200)						
Concentrated employment program	31,403	19,600	49,600	39,000	76,000	59,800	+26,400	+20,800
(New authority)	(31,695)							
(Prior year authority)	(−292)							
Institutional training	197,405	99,900	209,069	104,535	216,000	108,000	+6,931	+3,465
(New authority)	(196,890)	(98,000)	(196,000)	(98,000)	(216,000)	(108,000)	(+20,000)	(+10,000)
(Prior year authority)	(515)	(1,900)	(13,069)	(6,535)			(−13,069)	(−6,535)
Part-time and other	5,820	11,700	10,084	20,400	10,084	20,400		
(New authority)	(5,767)							
(Prior year authority)	(53)							
Disadvantaged youth	12,985	49,100	33,900	106,200			−33,900	−106,200
(New authority)			(26,400)	(62,900)			(−26,400)	(−62,900)
(Prior year authority)	(12,985)	(49,100)	(7,500)	(43,300)			(−7,500)	(−43,300)
Public service careers					10,000	11,600	+10,000	+11,600
Incentives to States								
Program support	50,859	[1]25	84,435	[1]25	95,410	[1]25	+10,975	
(CAMPS)	(2,963)		(5,625)		(8,890)		(+3,265)	
(Technical assistance)			(12,484)		(13,039)		(+555)	
(Job matching)	(2,750)		(13,934)		(19,489)		(+5,555)	

(State, S. & E.)	(45,342)	(1 25)	(52,392)	(1 25)	(53,992)	(1 25)	(+1,600)	
(Prior year authority)	(—196)							
BAT, S. & E.	9,254	1 520*	6,872	1 457	6,958	1 457	+86	
Unemployment compensation for Federal employees and ex-servicemen	125,238		185,000		199,500		+14,500	
Trade adjustment activities	313		600		2 600			
Proposed for separate transmittal:								
Manpower Training Act					45,000		+45,000	
Trade adjustment activities			(3)					
Subtotal, general revenue	548,241	1 1,200 210,500	884,238	1 1,624 362,000	1,043,219	1 1,739 330,300	+158,981	1 +115 −31,700
Trust funded:								
Grants to States	595,914	1 290	665,772	1 290	4 717,700	1 290	+51,928	
Unemployment insurance service	266,379		284,033		315,684		+31,651	
Employment service	302,718	1 290	328,968	1 290	356,967	1 290	+27,999	
Administration and management	26,817		39,771		42,049		+2,278	
Contingency fund			13,000		3,000		−10,000	
MA-S. & E. (See general revenue also)	17,284	1 1,135	16,581	1 1,076	16,835	1 1,076	+254	
UI-S. & E.	4,189	1 304	4,211	1 245	4,274	1 245	+63	
Proposed for separate transmittal (UI)					8,000		+8,000	
Subtotal, trust fund	616,553	1 1,729	686,564	1 1,611	746,809	1 1,611	+60,245	
Total, manpower direct appropriations	1,164,794	1 2,929 210,500	1,570,802	1 3,235 362,000	1,790,028	1 3,350 330,300	+219,226	1 +115 −31,700
Delegated programs:								
Economic Opportunity Act	875,475	680,638	4 778,300	636,500	802,000	675,440	+23,700	+38,940
Job Corps	278,358	36,974	171,600	21,700	180,000	25,640	+8,400	+3,940
(Direct program)	(234,949)	(36,974)	(121,783)	(21,700)	(138,855)	(25,640)	(+17,072)	(+3,940)
(Program support)	(36,555)	(1 651)	(36,571)	(1 651)	(31,445)	(1 651)	(−5,126)	
(Capital)	(6,854)		(13,246)		(9,700)		(−3,546)	
Job opportunities in the business sector	111,266	35,685	70,000	23,300	55,000	18,300	−15,000	−5,000
Concentrated employment program	83,000	84,700	149,400	118,000	123,000	97,200	−26,400	−20,800
In-school	49,048	101,845	62,400	100,000	62,400	100,000		
Summer	140,481	349,676	121,500	305,100	146,500	364,400	+25,000	+59,300
Out-of-school	123,733	50,347	98,000	32,500	125,800	36,500	+27,800	+4,000
Operation mainstream	41,000	12,787	41,000	12,200	41,000	12,800		+600
Public service careers	18,460	4,789	47,000	23,700	50,000	20,600	+3,000	−3,100
Special impact	8,633	3,835						
Program support	21,496	1 809	17,400	1 809	18,300	1 809	+900	
(Salaries and expenses)	(12,095)	(1 809)	(12,200)	(1 809)	(13,100)	(1 809)	(+900)	
(Technical assistance)	(3,861)							
(Demonstration and evaluation)	(5,540)		(5,200)		(5,200)			

See footnotes at end of table p. 148.

MANPOWER ADMINISTRATION, FISCAL YEAR 1971 CONGRESSIONAL SUBMISSION—Continued

[Dollars in thousands]

Appropriation/Activity	Fiscal year 1969		Fiscal year 1970		Fiscal year 1971		Change: Fiscal year 1970 to Fiscal year 1971	
	Actual obligations	Training opportunities	Amount	Training opportunities	Amount	Training opportunities	Amount	Training opportunities
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Delegated programs—Continued								
WIN	$105,229	108,600	$85,140	125,000	$92,750	125,000	+$7,610	
On-the-job training	1,091	1,400	1,200	1,600	1,200	1,600		
Institutional training	74,694	74,100	57,509	84,100	63,519	84,100	+6,010	
Work experience and orientation	10,437	12,600	7,380	14,300	7,380	14,300		
Work projects	55	300	800	2,000	2,400	6,000	+1,600	+4,000
Employability planning, job development, and followup	13,827	20,200	10,251	23,000	10,251	19,000		−4,000
Program direction and evaluation	5,125	[1] 239	8,000	[1] 227	8,000	[1] 227		
(Salaries and expenses)	(2,844)	([1] 239)	(4,900)	([1] 227)	(4,900)	([1] 227)		
(Research and evaluation)	(2,281)		(3,100		(3,100)			
Total delegated programs	980,704	[1] 1,699 789,238	863,440	[1] 1,687 761,500	894,750	[1] 1,687 800,440	+31,310	+38,940
Grand total	2,145,498	[1] 4,628 999,438	2,434,242	[1] 4,922 1,123,500	2,684,778	[1] 5,037 1,130,740	250,536	[1] +115 +7,240

[1] Represents Federal positions.
[2] Excludes pending Manpower Administration proposal for 1970 supplemental (+$4,800,000) and 1971 amendment (+$43,400,000).
[3] Excludes pending Manpower Administration proposal for 1971 amendment (+$44,100,000).
[4] Excludes reduction of $21,400,000 required by earmarking provisions of OEO Authorization Act.

Source: Office of Financial and Management Systems Division of Budget Planning and Development, Apr. 1, 1970.

(EDITOR'S NOTE.—This is the table submitted by the Labor Department in April 1969, which is referred to in Question No. 5 in Senator Nelson's letter. The table lists 140,000 training opportunities in the JOBS program for fiscal 1970—80,000 under MDTA and 60,000 under EOA.)

MANPOWER ADMINISTRATION—PROPOSED PROGRAM LEVELS FOR FISCAL YEAR 1970

[Dollar amounts in thousands]

Appropriation/account/activity	1969			Initial 1970 budget request			Amended fiscal year 1970 budget request			Change 1970 amended budget compared to initial 1970 budget request			Change, 1970 amended budget compared to 1969		
	Positions	Amount	Training opportunities	Positions	Amount	Training opportunities	Positions	Amount	Training opportunities	Positions	Amount	Training opportunities	Positions	Amount	Training opportunities
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
CONTROLLABLE ITEMS															
OMA-S. & E.	971	$34,822		1,024	$38,410		953	$36,907		−71	−$1,503		−18	+$2,085	
Experimental and demonstration		15,118			15,000			15,000						−118	
Research		3,800			3,800			3,800							
Title IV construction seasonality study								800			+800			+800	
Mobility and bonding					2,230			900			−1,330			+900	
Program support	971	15,904		1,024	17,380		953	16,407		−17	−973		−18	+503	
MDTA	223	418,032	264,940	224	688,396	340,600	294	675,605	318,980	+70	−12,791	−21,620	+71	+257,573	+54,040
Job opportunities in the business sector		47,950	13,700		240,000	80,000		240,000	80,000					+192,050	+66,300
Concentrated employment program		31,800	14,960		105,000	48,820		76,000	35,350		−29,000	−13,470		+44,200	+20,390
Regular institutional		186,000	98,800		186,000	98,800		186,000	98,800						
Regular on-the-job training		54,608	83,240		54,608	83,240		54,608	83,240						
Upgrading, part-time and other		25,328	54,240		13,884	29,740		10,084	21,590		−3,800	−8,150		−15,244	
Title V State supplements								20,000			+20,000			+20,000	−32,650
Special summer		13,000												−13,000	
Program support	223	54,306		224	88,904		294	88,913		+70	9		+71	+34,607	
(Cooperative area manpower planning system)	(30)	(6,225)	( )	(30)	(6,225)		(30)	(6,225)	( )	( )	( )	( )	( )	( )	( )

MANPOWER ADMINISTRATION—PROPOSED PROGRAM LEVELS FOR FISCAL YEAR 1970—Continued

[Dollar amounts in thousands]

Appropriation/account/activity	1969			Initial 1970 budget request			Amended fiscal year 1970 budget request			Change 1970 amended budget compared to initial 1970 budget request			Change, 1970 amended budget compared to 1969		
	Positions	Amount	Training opportunities	Positions	Amount	Training opportunities	Positions	Amount	Training opportunities	Positions	Amount	Training opportunities	Positions	Amount	Training opportunities
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
CONTROLLABLE—Cont.															
MDTA—Cont.															
Program support—Cont.															
(Technical assistance)	(------)	(---------)	(---------)	(------)	($13,877)	(---------)	(80)	($13,934)	(---------)	+(80)	+($57)	(---------)	+(80)	($13,934)	(---------)
(Job matching program)	(------)	($2,500)	(---------)	(------)	(13,877)	(---------)	(------)	(13,934)	(---------)	(------)	+(57)	(---------)	(------)	+(11,434)	(---------)
(Other program services)	(25)	(43,021)	(---------)	(35)	(52,476)	(---------)	(25)	(52,392)	(---------)	−(10)	−(84)	(---------)	(------)	+(9,371)	(---------)
(Health, Education, and Welfare, S. & E.)	(168)	(2,560)	(---------)	(159)	(2,449)	(---------)	(159)	(2,428)	(---------)	(------)	−(21)	(---------)	−(9)	−(132)	(---------)
Carryover		5,040											(------)	−5,040	
EOA	809	623,700	577,880	869	740,300	642,900	809	708,300	632,100	−60	−32,000	−10,800		+84,600	+54,300
Job opportunities in the business sector		152,000	50,700		180,000	60,000		180,000	60,000					+28,000	+9,300
Concentrated employment program		83,000	90,000		133,000	121,200		133,000	121,200					+50,000	+31,200
In-school		50,900	81,600		62,500	100,000		62,400	100,000		−100			+11,500	+18,400
Summer school		121,500	291,000		125,000	291,000		121,500	291,000		−3,500				
Out-of-school		129,000	46,100		134,000	48,000		98,000	32,500		−36,000	−15,500		−31,000	−13,600
Operation Mainstream		41,000	10,700		42,000	11,000		41,000	10,700		−1,000	−300			
New careers		18,600	4,400		21,400	5,100					−21,400	−5,100		−18,600	−4,400
Special impact		10,000	3,300		20,000	6,600					−20,000	−6,600		−10,000	−3,300
Job opportunities in the public sector								50,000	16,700		+50,000	+16,700		+50,000	+16,700
New careers								(21,400)	(7,300)		+(21,400)	+(7,300)		+(21,400)	+(7,300)
Other								(28,600)	(9,400)		+(28,600)	+(9,400)		+(28,600)	+(9,400)
Program support	809	17,700		869	22,400		809	22,400		−60				+4,700	
Salaries and expenses	(809)	(10,800)		(869)	(13,200)		(809)	(12,200)		(−60)	−(1,000)			+(1,400)	
Technical assistance		(3,000)			(3,000)						−(3,000)			−(3,000)	

Demonstration and evaluation		(3,900)			(6,200)			(10,200)			(+4,000)			(+6,300)	
WIN	227	105,419	66,300	227	101,500	96,200	227	73,500	71,200		−28,000	−25,000		−31,919	+4,900
BAT, S. & E	520	6,846	[1] (301,400)	490	6,629	[1] (314,400)	490	6,532	[1] (314,400)		−97		−30	−314	[1] (+13,000)
Civil rights	41	686		44	717		44	717					+3	+31	
(Trust fund)	(32)	(535)		(35)	(564)		(35)	(564)					(+3)	(+29)	
(General revenue)	(9)	(151)		(9)	(153)		(9)	(153)						(+2)	
BES, S. & E	1,356	19,945		1,328	19,640		1,328	18,766			−874		−28	−1,179	
Grants to States	290	604,073		290	667,750		290	657,700			−10,050			+53,627	
(Existing legislation)	(290)	(604,073)		(290)	(630,822)		(290)	(630,772)			−(50)			(+26,699)	
(Proposed legislation)					(36,928)			(26,928)			−(10,000)			(+26,928)	
Total, controllable items	4,437	1,813,523	909,040	4,496	2,263,342	1,079,700	4,435	2,178,027	1,022,280	−61	−85,315	−57,420	−2	+364,504	+113,240
CONTROLLABLE ITEMS															
Total, unemployment compensation for ex-servicemen		131,253			115,800			135,000			+19,200			+3,747	
(Unemployment compensation for ex-servicemen)		(111,253)			(115,800)			(135,000)			(+19,200)			(+23,747)	
(Unemployment compensation for ex-servicemen, supplemental)		(20,000)												(−20,000)	
Trade adjustment		1,300			1,100			600			−500			−700	
Total, uncontrollable items		132,553			116,900			135,600			+18,700			+3,047	
Grand total	4,437	1,946,076	909,040	4,496	2,380,242	1,079,700	4,435	2,313,627	1,022,280	−61	−66,615	−57,420	−2	+367,551	+113,240
(General funds)	(2,759)	(1,321,523)	(909,040)	(2,843)	(1,692,288)	(1,079,700)	(2,782)	(1,636,597)	(1,022,280)	(−61)	(−55,691)	(−57,420)	(+23)	(+315,074)	(+113,240)
(Trust funds)	(1,678)	(624,553)		(1,653)	(687,954)		(1,653)	(677,030)			(−10,924)		(−25)	(+52,477)	

[1] Apprentice participants.

[From Manpower Report of the President March 1970]

TABLE 1.—FIRST-TIME ENROLLMENTS[1] IN FEDERALLY ASSISTED WORK AND TRAINING PROGRAMS, FISCAL YEARS 1964, 1968–71

[Amounts in thousands]

Program	Fiscal years				
	1964	1968[2]	1969	1970 (estimated)	1971 (projected)
Total	278	1,514	1,761	1,953	2,126
Manpower Development and Training Act:					
Institutional training	69	140	135	148	152
On-the-job training	9	101	85	81	30
Neighborhood Youth Corps		467	504	482	486
Concentrated employment program		54	127	152	155
Job opportunities in the business sector[3]		6	51	75	173
Work incentive program			81	133	180
Job Corps		65	53	47	49
Vocational rehabilitation	179	330	368	432	452
Other programs[4]	21	351	357	403	449

[1] Estimated number of new enrollees during the fiscal year, generally larger than the number of training or work opportunities programed because turnover or short-term training results in more than 1 individual using an enrollment opportunity. Persons served by more than 1 program are counted only once.

[2] Minor differences between certain of these figures and comparable data in appendix table F–1 result from similar small differences in definition.

[3] Includes only those enrollees in the JOBS program who were hired by employers under contracts with the Department of Labor.

[4] Includes a wide variety of programs, some quite small; e.g., Operation Mainstream, New Careers, Foster Grandparents, the Veterans' Administration's on-the-job training and vocational rehabilitation programs, and the transition program and Project 100,000 of the Department of Defense. Data for some of these programs are estimated.

Source: Bureau of the Budget, "Special Analysis of Federal Manpower Programs."

TABLE 2.—ENROLLMENTS IN MANPOWER PROGRAMS AT END OF MONTH FOR SELECTED MONTHS, 1968–70

[Amounts in thousands]

Program	1968			1969				1970
	April	July	October	January	April	July	October	January[1]
Total[2]	355.3	534.6	306.1	380.7	433.6	678.4	409.2	426.6
Manpower Development and Training Act:								
Institutional training	60.4	54.0	48.7	54.5	56.7	45.8	38.6	45.8
On-the-job training	38.9	40.0	43.3	37.1	36.9	38.3	38.4	39.6
Neighborhood Youth Corps:								
In school and summer	131.9	330.9	95.5	99.9	101.6	356.4	96.1	103.9
Out of school	57.6	43.6	43.5	45.7	47.5	37.1	31.3	32.1
Operation Mainstream	9.0	10.1	10.0	8.1	10.2	10.9	12.8	12.3
New Careers	3.8	3.5	3.2	3.3	3.4	3.4	3.7	3.8
Concentrated employment program	19.8	18.7	20.6	50.8	70.5	76.7	68.6	54.9
Job opportunities in the business, sector[3]				14.0	20.4	27.9	33.7	37.0
Work incentive program			6.2	33.8	56.2	62.7	67.0	77.7
Job Corps	32.5	32.3	33.1	32.9	29.8	18.4	18.9	19.5

[1] Preliminary.

[2] Includes only programs administered by the Department of Labor. Persons enrolled in special impact programs, not shown separately, are included in the totals.

[3] Includes only those enrollees in the JOBS program who were hired by employers under contracts with the Department of Labor.

Note: Detail may not add to totals due to rounding.

TABLE 3.—CHARACTERISTICS OF ENROLLEES IN FEDERALLY ASSISTED WORK AND TRAINING PROGRAMS, FISCAL YEAR 1969

Program	Percent of all enrollees						
			Age		Years of school completed		
	Women	Negro [1]	Under 22 years	45 years and over	8 or less	9 to 11	On public assistance [2]
Manpower Development and Training Act:							
Institutional training	44	40	38	10	19	39	13
On-the-job training	35	35	36	10	17	35	5
Neighborhood Youth Corps:							
In school	47	47	100	----	20	79	30
Out of school	54	48	97	----	27	69	32
Operation Mainstream	18	21	2	58	60	24	17
New Careers	70	61	8	12	10	40	35
Concentrated employment program	42	65	37	11	26	44	13
Job opportunities in the business sector [3]	29	78	48	4	14	53	10
Work incentive program	60	40	16	10	31	41	100
Job Corps [4]	28	58	100	----	38	50	27

[1] Substantially all the remaining enrollees were white, except in Operation Mainstream, JOBS, and Job Corps. In these programs, 10 to 12 percent were American Indians, Eskimos, or Orientals.

[2] The definition of "public assistance" used in these figures varies somewhat among programs (e.g., it may or may not include receipt of food stamps and "in kind" benefits). In the NYC program, it may relate to enrollees' families, as well as enrollees themselves.

[3] Includes only those enrollees in the JOBS program who were hired by employers under contracts with the Department of Labor.

[4] Data relate to calendar year 1968.

[From the Wall Street Journal, Mar. 9, 1970]

HEAVIER RIGHTS LAWS USE WOULD PROMPT MORE FIRMS TO JOIN JOBS, STUDY SAYS

(By Byron E. Calame, staff reporter)

WASHINGTON.—A study made for the Labor Department suggests that broader enforcement of Federal equal-employment laws would bring more employers into the JOBS program, the major Government-industry effort to hire and train the hard-core unemployed.

The unpublished report indicates that many employers find the program a convenient way to comply with equal-employment rules, and some companies participate chiefly because they fear the effects of a Government minority-hiring crackdown.

The study also warns that a substantial economic downturn "is certain to have serious and possibly disastrous consequences for the program," and outlines other pitfalls faced by the effort.

Generally, however, it rates the program which has become the Government's principal on-the-job training effort since it was begun in early 1968, "a qualified success."

Based on detailed evaluations of JOBS efforts in nine major cities during the fiscal year ended last June 30, the study also makes these other points:

—Some employers exaggerate reports on how many participants are retained and "reliable information" on the number of unemployed persons hired is, "for all practical purposes, impossible to obtain."

—Organized labor has played a generally "passive role in the program."

—Recruitment of hard-core unemployed through state employment services has been "limited in effectiveness."

—Participation in the program has convinced some companies that "many potentially productive employees are excluded by unrealistically stringent entry level standards."

The Job Opportunities in the Business Sector program is a joint effort of the Labor Department and the National Alliance of Businessmen, a voluntary organization that promotes employer participation in the JOBS plan.

SINCE JOBS BEGAN * * *

Since the program was started, about 380,000 hard-core unemployed have been hired, the NAB reports. Of this total, 95,000 have been employed under contracts awarded by the Labor Department, and the rest have been hired voluntarily by companies that don't receive any Federal subsidies. The NAB estimates that at least 200,000, or about 53% of those hired to date are still on the job.

The NAB, which held its annual meeting here over the weekend, has said it wants to have 338,000 hard-core unemployed on the job or in training by June 30. The goal for June 30, 1971, is 614,000.

President Nixon has warmly embraced the program launched by the Johnson administration, and has proposed boosting Federal spending on the contract portion to $296 million in fiscal 1971 from the $129 million to be paid out during the current year.

The nine-city study completed last September by Systems Development Corp., Santa Monica, Calif., was prepared to guide JOBS administrators in sharpening the "operational effectiveness" of the program. The Labor Department has already modified its reimbursement procedures, for example, to encourage employers to hire those whose problems are more serious—a step recommended by the study.

Though the data for the study come from only nine of the 131 cities where JOBS programs are in operation, Systems Development asserts that "many of the findings * * * can probably be generalized to the JOBS program as a whole." The nine cities are Chicago, Kansas City, Los Angeles, Minneapolis, New Orleans, Pittsburgh, San Antonio, Seattle and Tampa.

"FEAR OF GOVERNMENT SANCTIONS"

Assessing the impact of Federal equal employment opportunity regulations on the program, the study says that "many companies admit in private that their participation in the JOBS program is substantially determined by fear of Government sanctions, either in the form of lost contracts, adverse publicity from public hearings, or legal action under equal employment opportunity (laws)."

"Many employers," the study concludes, "may be participating in JOBS as a convenient means to assure compliance with equal employment opportunity regulations." The study says it's impossible to ascertain how many companies may be in this category, but they're generally large employers and "may account for a significant proportion of total slots being made available."

The study observes that relaxing these regulations could reduce the number and type of jobs offered by employers under the program. On the other hand, the report asserts that stronger Federal requirements for the hiring of the poor could help the growth of the JOBS program.

Specifically, the study suggests that the Government might extend minority-hiring goals similar to those it has already imposed on federally funded construction projects to such federally regulated concerns as banks, savings and loan associations, and airlines.

The potential effect on the program of economic downturn was underscored last week with the disclosure that the Labor Department's JOBS contract with financially pinched Chrysler Corp. had been "terminated." The $13.8 million contract was the largest negotiated in any Federal manpower program.

The study notes that, "JOBS trainees probably have in all but a few companies, a very tenuous hold on their jobs, and they will be the most vulnerable to layoff or dismissal if the job market loosens significantly." An economic downturn, the study reiterates, "is certain to have severe negative impact on the JOBS program."

REPORTING OF STATISTICS

Examining the reports turned in by participating noncontract employers in the nine cities, Systems Development found that the number of hired persons reported to the local JOBS office was "invariably higher"—sometimes by as much as 200 percent—than the number reported to the NAB headquarters here.

Many of the voluntary participants have also "significantly underreported" terminations, according to the study. As a result, many local offices' data on the number of people still on the job at the beginning of fiscal 1969 was "almost certain to be high."

"Reliable information concerning the number of people actually placed under the program and the number currently at work is, for all practical purposes, impossible to obtain," the study says of the noncontract portion of the effort. There weren't any complaints in the report about the statistics covering the federally funded part of the programs in the nine cities.

Using the reported data, the study found that the average combined retention rate for noncontract and contract employers in the nine cities was 55 percent; the suspect noncontract rate was 56 percent. If the noncontract figures were accurate, the study notes, it would have to be concluded "that Federal funding of a company JOBS program does nothing to improve retention of hard-core disadvantaged employees."

While NAB officials are currently pushing the idea of signing up more small employers to reduce turnover in the JOBS program, the study shows that the retention rate in the nine cities was highest among larger companies. According to its figures for fiscal 1969, for example, the retention rate was 73 percent for contracts covering 100 or more trainees, mostly with larger companies, compared with 48 percent for agreement where 10 or fewer persons were involved. The size of the company is more indicative of what the retention rate will be than either the cost or comprehensiveness of a concern's program, the study concludes.

UNIONS CALLED "PASSIVE"

"Participation of the labor movement in the JOBS program, to date, is best described as 'passive,' " the study observes. "The craft

unions—for that matter, most unions other than (the) United Auto Workers and the Retail Food Clerks—have been unwilling to bend their seniority preference and membership rules to permit industry participation in the program."

Unions in some cities have established "buddy systems" in which their members offer a helping hand to JOBS trainees, the report notes. At the same time that the NAB is trying to emphasize professional counseling. The study suggests that the unions give up the "buddy system" idea in favor of the "more effective" professional counseling.

Coupled with its criticism of the craft unions, the study cites the lack of JOBS participation by companies with primarily white-collar workers. It singles out banks, S. & L.'s, insurance and real estate, wholesale and retail trade, airlines and data processing concerns. National NAB officials are currently pressing their efforts to get more employers in these industries to participate in hopes of offsetting some of the declining demand for labor in manufacturing.

The study assails the performance of State employment services, which were generally the major source of JOBS referrals in the nine cities.

The report states: "Generally, employment service offices have few minority staff members and don't fully utilize their capability to recruit the hard-core; nor do they normally have much experience with the frequently unique problems of the hard-core in preparing for and adjusting to a work situation."

"One of the most significant impacts of the JOBS program is that participation has caused many employers to lower entry-level standards, many of which were historically—if unnecessarily—high," the study observes. These requirements have been changing during recent years, the report notes, "and the JOBS program is speeding up this process as companies discover, through their hard-core hiring experience, that many potentially productive employes are excluded by unrealistically stringent entry level standards."

But the study cautions that "a change in the economy, which would result in increasing the availability of experienced workers at wages not significantly higher than those which must be paid to disadvantaged individuals, would undoubtedly nullify much of this change."

APPENDIX

RAYTHEON SERVICE CO.
Burlington, Mass., April 13, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower and Poverty, U.S. Senate, Washington, D.C.

DEAR SIR: Thank you for your letter of March 12 concerning the hearings on S. 2838, the administration's proposed Manpower Training Act.

We at Raytheon are most pleased to have this opportunity to comment on the JOBS program. Our answers to your specific questions are:

(1) Most of our trainees have come from the Roxbury, Mass., area. All of our trainees are screened through A.B.C.D. and the State Division of Employment; however, 80 percent are referred to these agencies by former trainees and relatives.

(2) The NAB was helpful at the early stages of our program and since then has assisted us in updating administrative procedures.

(3) Our contact with the Labor Department has been in negotiation of the MA–2 and MA–4 contracts and through their frequent visits during implementation over the past 2 years.

(4) The strongest point of the program is that in fact it has existed and has been effectively administered by the Labor Department according to its regulations. The weakest points are (a) the underestimation of the amount of special training that is required to deal not only with general educational and specific technical requirements, but with the personal problems each individual has in adjusting from a ghetto existence to the working environment of industry (our efforts on this latter point have been, in our opinion, the most successful aspect of the Raytheon program), and (b) the trend with each successive modification of the JOBS program format to reduce the amount that can be recovered by the contractor.

(5) The downturn in the economy has definitely affected our program. In fact, the present employment outlook coupled with the shortcomings suggested in (4) above have forced us to give serious consideration to discontinuance.

Thank you again for allowing us to pass on these remarks. Please excuse our tardiness in responding. We have examined S. 2838. We would very much appreciate it if your committee would allow us the opportunity of discussing it and the JOBS program with you at your earliest convenience.

Respectfully yours,

H. A. LOEBEL.

SERVO/TECH CORP.,
Philadelphia, Pa., April 14, 1970.

Hon. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.
Attention of Robert Wegmann.

DEAR SIR: In response to your inquiry of March 12, 1970, and our subsequent telephone discussion, the following general information is forwarded.

As per our conversation, we consider these programs to be of a major significance in their intent and much consideration should be given to their continuance. The role of the sincere businessman or industrial organization is very important in the relationship established with the varied administrative functions. We believe that much can be done to establish and maintain more direct relationships between those who actually accomplish the program and those who provide service for the contract.

(1) All JOBS trainees were obtained through the actual certification program of the Pennsylvania State Employment Service. No persons were hired directly by the company.

(2) Our contact with the NAB was very limited before and during the program lifetimes. Initial contact was to obtain proposal forms prior to the first contract award.

Second contact was when a NAB representative contacted Servo/Tech to advise that the PSES had erroneously certified some trainees. The representative visited Servo/Tech facilities to interview the trainees and as a result disqualified three trainees. Despite the fact that the trainees had been certified and provided by the PSES, and despite the fact that Servo/Tech never saw or heard from the NAB thereafter, Servo/Tech retained the three trainees on its own payroll and at no further cost to the Government.

(3) We note that our general contacts with the Department of Labor have been good. Numerous representatives from their Washington and Philadelphia offices visited Servo/Tech facilities on many occasions during the programs. Although there did not appear to be a scheduled system of the same people visiting we feel that they did indicate interest.

(4) General evaluation:

(*a*) Strong points: Intent and purpose of the program is excellent to draw individuals into the mainstream of the working world. It can place the individual in a position of "self responsibility" and achievement. The intent of the program to involve the businessman is very significant because of the total exposure that can result. Total in context of more in the areas of the related labor environment. The resulting absorption into the "mainstream" may be slow but can be achieved.

(*b*) Weakest points: Lack of coordination by interagencies concerned with the program and their relationships with the employer. Same agencies concerned with "Numbers" not people. Insufficient preplanning, prescreening, orientation and indoctrination for consideration of the individual for

work type adaptability. Insufficient coordination with the industry or businessman.

(5) Unfortunately, the general rule of all industry prevails last in, first out. Industry revolves around its skills, in low economic periods industry will rely upon its most skilled personnel to carry the load of many jobs ordinarily delegated to lesser personnel. Since production is down time is available, less skilled labor is costly.

A point of consideration * * * a method or plan mutually advantageous to industry and the Department of Labor can well be developed to utilize the period of economic downturn.

If we can be of any further assistance please do not hesitate to contact the writer.

Very truly yours,

JACK WEINBERGER, *President.*

CHAMBER OF COMMERCE OF METROPOLITAN BALTIMORE,
Baltimore, Md., April 13, 1970.

Senator GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower, and Poverty, U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: With reference to your inquiry as to information about our JOBS program that we are currently executing, the following results are available:

Question. Where you have obtained most of your job trainees?

Answer. By in large our manpower trainees come from Maryland State Employment and (C.E.P.) Concentrated Employment Program and some few from the Mayor's special community stations on community affairs.

Question. What kinds of assistance have been furnished to you by the National Alliance of Businessmen?

Answer. The National Alliance of Businessmen primarily set the stage for our manpower programs by gaining and soliciting support and commitments from the business and industrial sectors.

Question. What kinds of contacts you have had with the Department of Labor.

Answer. To date, we have had varied and consistant contacts with the Department of Labor. Examples follow:

1. Contract modification support.
2. Invoice changes notification.
3. Individual personnel coaching.
4. Frequent personnel counciling and supervision.
5. (Some differences, but resolved.)

Question. What your general evaluation of the program is, particularly its strongest and weakest points;

Answer. The strongest evidence of the program is the employment of people, that might not have been among the chosen.

As for the weakest points: they are varied and numerous and require many changes that might not permit immediate alteration or feasibility. However, to identify a few—

(*a*) Actual real opportunities for human development.

(*b*) A better evaluation of the true needs of the people who are being helped (with answers).

(*c*) Identifying the total problem as one of total employment instead of categorized employment only!

(*d*) Greater emphasis on upgrading as it truly fits the potential of the person. To evaluate the realism of limited motivation training versus completed training and better understanding.

(*e*) Simultaneously attack the problem at the root and not only the stem—for it has many spillover influences.

(*f*) Conflict of interest—more than one simultaneous manpower programs taking place in one company.

Question. Most importantly, what effect the present downturn in the economy has had on your participation in JOBS, and what likely effect further cooling of the economy would have on your participation.

Answer. Of course, there has been some effect, however not major for our program. The most critical effect is caused by the time factor where there is a time limit for hiring—and the positions are not available until a date beyond your cutout date of a program.

The larger businesses are experiencing the greater effect in job openings than many medium and small businesses.

Very truly yours,

DAVID J. JOHNSON, Jr.,
Manager, Manpower Development.

[From the Detroit (Mich.) Free Press, Mar. 28, 1970]

HARD CORE HIT THE HARDEST BY AUTO CUTBACKS

The automobile industry has been responsible for much of the success of the National Alliance of Businessmen in providing jobs and hope for the hard-core unemployed.

Since the NAB program was launched in April, 1968, the big three automakers have hired 76,000 they say were among the hard core.

But with the recent tightening of the money market and subsequent drop in auto sales, 9,000 e found themselves out of work again because of layoffs.

"It's the story of their lives," says Ken Bannon, chairman of the United Auto Workers' Ford Department. "Once again they're destitute, once again they are without hope."

John Marshall, 54, was accepted for Chrysler Corp.'s hard-core training program, carried out under contract with the Government, in January 1969, after 5 years of "just doing anything that came to hand."

Marshall, a Negro, like most of those who make up the ranks of the hard core, was paid $2 an hour for 7 weeks while he learned the

job on the dummy assembly lines in a renovated warehouse. For the next 9 months—except for a few brief layoffs—he welded parts on auto frames at Chrysler's Lynch Road assembly plant.

Marshall was laid off in January and doesn't expect to get called back "unless things pick up."

"Something had to be done," he says, "but I believe it could have been done in a different way. Control prices, maybe stop prices from going up."

The same thing happened to Rod Sterling 2 months after graduating from Chrysler's training program. Sterling, 35, married with five children, has gone back to working odd jobs.

"I can't say who's to blame," Sterling says. "My feeling is that the man—Mr. Chrysler, Mr. Ford, or anyone else—if he's making a product and making too much, so he can't get rid of it, he's got to do something."

General Motors Corp.—which says it has laid off 3,500 hard-core workers—Ford and Chrysler all admit they have no followup program to find out what the hard-core workers who were laid off are now doing.

Neither does the UAW.

Bannon and UAW president Walter P. Reuther promise to make a big issue of security for the hard-core workers when the union negotiates for a new contract with the big three this summer.

Bannon last year approached Ford with a proposal to let high-seniority workers take layoffs instead of those most recently hired. But Malcolm Denise, Ford's vice president for labor relations, told him Ford had not found a practical approach to the inverse seniority plan.

Chrysler, which said it could not provide significant figures, recently canceled a $13.8 million contract with the Department of Labor to train 4,450 hard-core workers because of "skidding sales and mounting layoffs."

"Even if they're going back on the street they're going back with skills they never had before," points out a Chrysler spokesman who sees a brighter side to the problem.

"Psychologically, they have a history of failing or expecting to fail," he says. "But here's a situation where they worked for some time and they worked successfully so the situation is not quite the same as before.

"This time they were part of the system and it was economic failure rather than their own failure."

The companies not only are laying off significant numbers of hard-core workers, but are hiring fewer. In the first 6 months of 1969, GM hired 10,329 under the hard-core program, compared with the 17,409 hired in the last 6 months of 1968. Ford's hiring plunged from 7,500 to 1,900 in the same two periods.

NATIONAL ALLIANCE OF BUSINESSMEN,
Washington, D.C., April 20, 1970.

HON. GAYLORD NELSON,
Chairman, Senate Poverty Subcommittee,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: We are attaching the information in regard to the National Alliance of Businessmen, which you have requested. Due to the nature of the program, most of these figures were provided on a voluntary basis from thousands of participating companies and because of this factor, we cannot say that the information is absolutely precise.

At the beginning of fiscal year 1970, we requested our auditors, Lybrand, Ross Bros. & Montgomery, to make a sample audit of 10 NAB cities to ascertain the validity of the data produced by our management information system. The audit disclosed that there was a need for better reporting and record keeping, if our MIS were to be relied upon with perfect confidence. It is, however, indicative of performance in the field.

Notwithstanding the imperfections of the system, we feel that the figures reasonably set out the results of the program, recognizing they will never be completely accurate as long as the required information is provided on a voluntary basis.

We hope this will be helpful to your subcommittee.

Very truly yours,

ROBERT J. WILSON,
Executive Vice President, Secretary-Treasurer.

Status report, NAB/JOBS 1970 program, as of March 31, 1970

Jobs pledged	405, 864
Trainees hired	432, 797
Trainees terminated	223, 731
Trainees terminated after 6 months	19, 285
Trainees on board	228, 351
Retention rate (percent)	48
Number of companies participating	24, 742

Approximately 30 percent of the above figures are attributable to JOBS contract pledges and hires.

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., August 11, 1969.

To: Hon. Gaylord Nelson.
From: Congressional Reference Division.
Subject: Request for advertisements for JOBS program.

The National Alliance of Businessmen's Washington office referred us to a Mr. David Hart of the National Advertising Council in New York. He is responsible for the placement of JOBS advertising in current periodicals.

Mr. Hart informed us that the figures used in JOBS ads previous to November 1968 were erroneous because they were based on faulty computer projections.

He was quite willing to give us citations for the current, adjusted figures and copies of these ads are included.

Mr. Hart refused to be pinned down on the figures and citations to ads previous to November 1968. Ads for JOBS are run free, on a space available basis, and Mr. Hart claimed that he did not know when or in which periodicals the erroneous, pre-November 1968, ads were run.

DAVID WHITEMAN.

JOBS is

Because 12,500 American companies knew a

Because more than 100,000 hard-core unemployed

Last March, the National Alliance of Businessmen was formed to work with the Government on a problem of critical national importance. The Program: J O B S (Job Opportunities in the Business Sector). The Task: to hire, train and retain the nation's hard-core unemployed. To find and fill 100,000 jobs by July 1969; 500,000 by 1971.

They are being hired.

The first year's goal will be reached months ahead of schedule!

In the nation's fifty largest cities J O B S is progressing at the rate of thousands of placements per month—*more than the anticipated rate.* Over 125,000 hard-core workers have been hired, and 85,000 remain on the job.

They are being trained.

Companies are bringing the hard-core into the mainstream of American business by providing the new workers with special training both educational and vocational. And by conducting imaginative "sensitivity" programs to help foremen and supervisors understand the unique problems of the hard-core.

Extra training costs are being shared by Industry and Government. In two-thirds of the cases these costs have been voluntarily absorbed by the individual employers. One-third of participating companies have signed

working

sound business proposition when they saw it.

went on payrolls instead of relief rolls.

contracts with the Department of Labor.

They are being retained.

Two out of every three hard-core workers have remained on the job... better than the normal rate for all entry-level jobs.

Based on this high job retention level and upon the success of the training programs, *97% of employers surveyed said they will continue hiring the hard-core.* They maintain that the J O B S Program is "the most practical way to solve the problem of the hard-core unemployed."

JOBS is still urgent business!

Success to-date has been extremely encouraging. But thousands of the hard-core are still waiting...waiting for the chance to develop their abilities; waiting to fill industry's growing need for skilled workers.

Special training funds continue to be available through MA-4 contracts with the Department of Labor. Call the National Alliance of Businessmen office in your city for complete details.

The J O B S Program is more than an obligation to the country and to the economy. It's a prime business opportunity for your company.

JOBS
National Alliance of Businessmen

ADVERTISING COUNCIL
advertising contributed for the public good

[From the New Yorker, Mar. 15, 1969]

Additional Labor Department Views

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE ASSISTANT SECRETARY FOR MANPOWER,
Washington, D.C., April 28, 1970.

Hon. RALPH YARBOROUGH,
Chairman, Labor and Public Welfare Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: A majority staff report on the Job Opportunities in the Business Sector (JOBS) program has been transmitted to you by Chairman Nelson of the Senate Subcommittee on Employment, Manpower, and Poverty. The Department of Labor welcomes criticism of its manpower programs by the Congress, but there are several areas where the majority staff report can be improved upon.

It is recognized that the General Accounting Office is presently studying the JOBS program and a full and complete assessment of the program's performance may not be possible until late in 1970. However, in the interest of providing a balanced picture at this time, the following comments are in order:

I. INTRODUCTION

The JOBS program represents unique meshing of the resources and abilities of business and government in finding jobs for disadvantaged unemployed persons. We are aware of the problems encountered by virtually all of the other manpower programs now available—that is, the ability to locate jobs that not only pay well but also offer opportunities for advancement after the training has been completed. This is what the JOBS program offers, and in greater quantity and quality than all efforts that have preceded it. The JOBS program is a landmark program of cooperative effort and should be a cornerstone of our future manpower programs. It is recognized that there are problems in the JOBS program as is the case of any large undertaking and growing pains are to be expected. The business-government effort has been extremely alert in correcting problems and is continuously improving and strengthening the program. We hope to point out in this report the considerable strengths of the program as well as its weaknesses and the steps that are being taken to further improve it.

The most important conclusion drawn from the subcommittee report appears on page 138:

"Whatever problems may be present in the NAB/JOBS program as it now stands, however, there is no question that it has made significant contributions to the problem of finding jobs for the hard-core unemployed. As with any new programs, particularly one with such an ambitious goal, it is hardly surprising that problems have been encountered in attempting to carry out, on a practical and nationwide scale, one of the first programs to significantly link together Govern-

ment and private enterprise for the solution of a most pressing social problem. As Levitan, Mangum and Taggart indicate: * * * for every anecdote of a firm on the make or less than fully committed, there are equally documented cases of firms going far beyond their contractual obligations to absorb extraordinary costs and expand extra efforts (p. 35).

The benefits of the JOBS program go beyond the jobs given to thousands of disadvantaged persons. Many of the executives who have worked for NAB have gone back to their parent companies with a greatly increased understanding of the problems of the disadvantaged, and an increased concern for contribution to the solution of those problems. Firms which previously would not have thought of hiring the hard core, or perhaps even any member of a minority group, have found that a change in this policy is a benefit not only to the hard-core disadvantaged, but to themselves."

II. RESULTS OF THE PROGRAM

The performance of the JOBS program to date has been impressive. The program was announced by President Johnson in his Manpower Message to the Congress on January 23, 1968, and program activities began in March of 1968. In a scant period of less than 2 years, over 432,000 disadvantaged persons had been hired, and nearly 53 percent were still employed by the original firm or had stayed on the firms payroll for at least 6 months. This remarkable effort has involved nearly 25,000 firms throughout the country. In addition, a large percentage of the firms have hired and trained disadvantaged persons without the benefit of government financial assistance. To date, over 70 percent of the disadvantaged persons have been hired by firms under the noncontract phase of the JOBS program.

A. Interpreting statistics

The majority background report raises the question of the accuracy of the statistics under the JOBS program, especially in the noncontract portion which relies upon the voluntary efforts of businessmen in the reporting of hires and retentions. Clearly, in a major voluntary effort such as this, there are going to be some areas of nonreporting or incomplete reporting. The performance of the JOBS program has been so substantial, that whatever structural softness may be present in the raw statistics, by any objective standard, the program would still be more successful in finding jobs for disadvantaged persons than all previous efforts.

There is evidence available to support the greatest proportion of the figures given. For example, a followup study on the income earned by former JOBS employees was made using data from the Social Security Administration. Though individual records were not examined by NAB, the Social Security Administration compiled data in a manner which would indicate shifts in both annual earnings and the number of quarters JOBS employees were employed.

The results of this study are meaningful. A random sample of 12,000 trainees was studied including employees from both contract and noncontract JOBS programs. The mean earnings of the 12,000 employees in calendar year 1966 was $1,499. During 1968, mean earnings for these employees increased to $2,592—an increase of 73 percent. In

addition, the number of employees with no reported earnings in 1966 decreased by 90 percent in 1968, and, in the same period, the number of employees with earnings between $4,000 and $6,000 increased by more than 50 percent. It is evident that JOBS employees have substantially benefited from their participation in the program. This is substantiation of the viability of the JOBS program and there is no "softness" in these statistics.

A Labor Department study of the wages received by JOBS employees under the MA–5 contract portion of the program further illustrates the overall effectiveness of the program. This study, which surveyed the wage rates in contracts signed in the first half of fiscal year 1970, showed that the more than 15,000 employees participating in these contracts receive an average wage of $2.10 per hour at the time of entry into training and could expect to receive an average of $2.49 per hour after 9 months. This represents an increase of nearly 19 percent above their starting wage. This wage rate further represents an annual wage of $5,200. The average family size for JOBS contract employees is 3.7 and an estimate of the poverty level income for a family of that size is $3,420. Thus the income of the average JOBS employee will be raised considerably above the poverty level. This also indicates that the jobs being offered by employers on the whole, cannot be characterized as low wage, deadend jobs.

The subcommittee background report indicates that some of the jobs found in the program, both under the contract and noncontract phases, do not offer the employee the full opportunity to earn a proper living. This should be corrected through careful administration and the development of standards that would insure all trainees the opportunity to break out of the poverty cycle. We believe that this standard should not be based solely on the wage rate of the job but also on the potential for advancement offered by the job. In addition, such standards should take into account the geographical differences of prevailing wage rates and particularly the cost of living in a specific area. The wage rate that is acceptable in New York City is not comparable to that which could be expected in Vermont.

As the background report by the subcommittee points out, there have been deficiencies in the management data system for the contract and noncontract JOBS programs. It is acknowledged that as a result of these deficiencies certain important items of information on the progress of the program are lacking. We strongly believe that the JOBS program must have an accurate comprehensive data system to allow the Congress and the administration to properly assess the results and effectiveness. The administration has recognized these deficiencies and has already taken steps which will result in improved information. It is our understanding that a completely revamped JOBS management information system has been developed and implemented by the Department of Labor and the National Alliance of Businessmen working in a cooperative effort. This information system is designed to specifically produce information on completors of the contract JOBS program. This information could not be recovered from the system developed under the previous administration. The new information system also designed to produce a complete response from JOBS contractors for all information required. The information system for the noncontract JOBS program has also been revised in

accordance with the changes in the contract JOBS system. In addition, further study is underway to determine the most effective means for aiding noncontract employers in their reporting efforts.

The present reporting system does produce accurate information confirming the fact that the JOBS program is, in fact, reaching disadvantaged persons. It is significant to note that the characteristics of the employees in the noncontract program are essentially similar to those under the contract program. The criticism that has been voiced that employers are "creaming" or not hiring disadvantaged persons does not appear valid. Undoubtedly some employers in a large program such as JOBS will not follow the requirements, but the following information conclusively demonstrates that the JOBS program is reaching the disadvantaged (see attachment 1):

The average income for all participants prior to enrollment was $2,432 while the average family size was 3.6 persons. The poverty level for this family size is $3,360 or almost $1,000 more than the average wage prior to enrollment.

73 percent of all employees were Negroes and an additional 16 percent came from other minority groups such as Mexican Americans and Puerto Ricans. Thus a total of 90 percent of all JOBS employees are members of minority groups.

Fully 50 percent of all JOBS employees are under age 22, the same age group as that of the Job Corps. Furthermore, 73 percent of JOBS trainees are male.

16 percent of JOBS employees were receiving public assistance.

The average JOBS employee had received only 10.5 years of schooling.

The average JOBS employee had been unemployed 21.5 weeks.

The characteristics of JOBS employees noted above tell the story well. The JOBS program is reaching the young Negro male who has been unemployed for a lengthy period of time and who has not graduated from high school. This group is most likely to have poorly developed work attitudes and other employment impediments. It is this group that comprises one of the major social concerns to the country and the JOBS program is clearly reaching them.

B. Management procedures

We believe that it is absolutely imperative that effective program management procedures be implemented in dealing with a program with the scope of JOBS. With the expansion of the program from the first tier of 50 standard metropolitan statistical areas to the entire Nation, serious understaffing problems in the Labor Department's regional offices became readily apparent. The regional DOL offices responded to this additional strain by reallocating staff, but these shifts in personnel had to be articulated with the rest of the Manpower Administration's programs. In September 1969, in response to the increased workload of projects funded after the second tier of 125 metropolitan areas was added to the program, a systematic monitoring schedule was put into place. Regional office monitoring staff were required to visit on-site, all companies awarded JOBS contracts. The first visit was to be made within 30 days after the execution of the contract, and thereafter in frequency according to the size of the contract award. Contracts with a total obligation in excess of $100,000

were to be visited every 30 days; those between $50,000 and $100,000, every 60 days; and the balance, with obligations of less than $50,000 at least once every 90 days. Reference is made to this system in the JOBS Handbook, page VI–2.

When it was decided in the fall of 1969, that the contract would be available to employers throughout the country, over 500 State employment service staff members were specially trained to augment the regional office staff. The responsibilities of these State based contract service representatives are to assist in the promotion and development of JOBS 1970 proposals, and to also engage in technical assistance to contractors after the award of a JOBS contract. These representatives are not to function as contract compliance officers during post award visits, but to aid contractors in program operation. Implicit in this activity, however, is the notification of the appropriate regionally based monitoring staff if any contract irregularities are uncovered. Where additional investigative activities are deemed appropriate, the special review staff of the Assistant Secretary for Manpower is alerted. This staff will conduct an intensive on-site investigation of the charges to determine what action should be taken. This action includes referral to the Department of Justice when elements of fraud against the Government are exposed. It is important to note that the special review staff has investigated only 27 cases for possible instances of fraud or gross mismanagement. This is approximately 1 percent of the number of contracts executed.

The revised information system is programed to detect instances of nonreporting contractors or abnormal invoicing practices. The system will function as a backup for regional staff who might not have picked up invoicing or reporting aberrations.

The Department of Labor has also employed audit firms to supplement departmental auditors in reviewing contract activities. Evaluation studies are continually being conducted. Much of the information in the subcommittee report was extrapolated from the Systems Development Corporation's evaluation report, conducted under Labor Department auspices. Other independent evaluation groups have been employed to scrutinize the effectiveness of the JOBS program including its impact on the community, and to determine which program designs appear to be the most effective. These evaluation studies and other reports are used to constantly improve the JOBS program.

There is a suggestion in the background report that community groups be involved in contract negotiations ostensibly to assist the Government in screening out exploiters of unskilled labor. We do not believe that it would be proper to invite third parties, who are not involved in the contract, to participate in contract negotiations. The suggestion does lend itself, however, to a form of community involvement that is in existence and which can be developed further. The NAB has set up community advisory boards in the majority of its metro offices. Leaders of the minority community are providing assistance in the program's outreach activities. These groups could be contacted as part of the preaward survey conducted by the Labor Department's proposal evaluators to cull out the companies known to have bad reputations in the community because of their dealings with the local populace. These activities would necessarily be done prior to additional contact with proposers to insure the privity of contract between the principals.

There is a safeguard against runaway invoicing by contractors by the nature of the contract mechanism. As a fixed unit cost contract for performance, no billings can occur except in relation to employees being on the job and in training. The contract is based on performance insofar as attendance is concerned, and the success of the program's methods is reflected by its retention of the JOBS employees. Unlike cost reimbursement contracts where the costs accrue regardless of program success an unsuccessful JOBS project that does not hold the employee will not receive funds available under the contract.

The Department of Labor and the National Alliance of Businessmen have had a continuous and fruitful relationship since the inception of the JOBS program. The unique nature of the DOL-NAB relationship has resulted in some difficult moments, but good examples of the results of this relationship are the recently developed JOBS '70 Consortium and the revamped JOBS management information system. Contrary to the comment noted on page 121 of the subcommittee report that NAB "rejected" the revised management information system, NAB actually worked very closely in the development of the system and provided invaluable assistance in its expeditious printing, distribution, and implementation.

The letters received by the subcommittee bear out the generally favorable response by business to the combined efforts of the Labor Department and NAB. Where businessmen are critical of the DOL it has been generally on the firmness of the Department in adhering to the guidelines. Both the DOL and NAB have maintained a careful, arms-length relationship on the issuance of JOBS contracts being very much aware of possible changes of conflict of interests.

A very important product of the NAB–DOL relationship is the change in attitude and outlook within the participating business community with regard to their hiring and supervisory practices. Many of the traditional practices have been demonstrated to be outmoded and new policies have been developed. In addition, many businessmen through their association with NAB, have gained a new outlook on the problems of the country which they carry back to their firms. These are some examples of the long-run benefits that this cooperative relationship has brought about.

C. The changing economy

The subcommittee background report places great emphasis on the vulnerability of the JOBS program to "recession". While the affect of an economic downturn will definitely influence the hiring and employment posture of some employers, it is certainly premature to consider the economy as presently being in a recession. Furthermore, it must be kept in mind that approximately 70 percent of all private sector employment has been substantially unaffected by earlier recessions.

We believe that the JOBS program can and should remain a major element in the Nation's manpower program. Certainly the program must be adaptable to the employment situation. The fact that the program can respond is evidenced by recent events dealing with the Chrysler Corp. As is noted in the Chrysler letter to the subcommittee, it became impossible for the corporation to fulfill its commitments to train additional people for its assembly plants. Facing the reality of the situation, the corporation developed additional programs for the training of auto mechanics and auto body repairmen at its dealerships where

the need for trained people continues unabated, and, in fact, is growing. Chrysler has also taken this opportunity to contract for the upgrading of 400 working disadvantaged persons presently on its payrolls for more challenging jobs in the corporation. This reflects one company's adaptability to changes in the economy.

There are growth areas in the economy at all times and the JOBS program has been moving in this direction. A new JOBS consortium contract has been developed and issued. It is designed to involve smaller businessmen, particularly those in the emerging service occupations such as TV and appliance repair, auto repair, and health occupations. The move to the smaller employers has been particularly evident during fiscal year 1970. The recent accelerated performance of the JOBS program belies, in part, the dire predictions made in the subcommittee report. From February 16, 1970, through April 10, 1970, 652 contracts serving 18,033 disadvantaged persons at a cost of $40,022,000 were approved.

III. SETTING THE RECORD STRAIGHT

It would appear that some erroneous background information has led to a compounding of the generalizations presented in the Subcommittee's staff background report. This inadvertant misreading of the available information has unfortunately colored some of the basic statements found in the report.

On the discussion of the program results (p. 3) the statements are made that "The annual Manpower Report of the President * * * conceded that the JOBS premise is not fully tested * * * that the program has had startup problems, the most serious of which has been high turnover." In context, the annual report stated on page 62:

"This program is built on the premise that immediate placement in jobs at regular wages; followed by training and supportive services, provides superior motivation for disadvantaged individuals. This premise *is supported by initial experience,* although it is not yet fully tested. The program has had startup problems. The most serious problem to date is turnover, *which has been greater than expected, although it appears to be about on a par with the usual experience in entry-level jobs.*" [Emphasis supplied.]

Thus, while the actual statement does recognize some program difficulties, it nevertheless puts them in perspective to the actual circumstances regarding the program.

Another error, while of simple arithmetic, unfortunately exaggerates the program's turnover problems. On page 4, the background report states that of some 30,756 persons hired, only 14,564 remained on the job, giving a retention figure of 32.1 percent. This is an arithmetic error and it should be 47.5 percent, of course, which when supplemented by the 8.9 percent that the GAO concluded may have terminated for "good reasons," the retention rate of the MA–3 contracts would increase to 56.4 percent, rather than the 41 percent as reported. Compared to the 54 percent turnover of American industry as a whole, it would appear that the program is at least retaining the chronically unemployed on a par with the general mainstream of the Nation's work force. This is indeed notable when we realize that the JOBS program serves a disadvantaged, chronically unemployed clientele.

While it is the hope that contract negotiations would not be overly protracted, the nature of the report's recital of the negotiator's role is overstated. The report on page 112 cites a "Thirty Minute Rule" and goes on to paraphrase statements found in the Negotiator's Handbook that would lead a casual observer to conclude that in fact the emphasis is on "get the money obligated as quickly as possible to make a good showing for the program."

Unfortunately, the background report neglects to include many of the statements that emphasized the absolute need for program quality which are noted below:

The principal purpose of *the JOBS program* is to assist hard-core unemployed persons in obtaining jobs and the related training and other support necessary to insure that they become stable and productive members of our society. The principal purpose of the MA–4 contract must be the same." (*Operating Manual for the Evaluation, Negotiation and Award of MA–4 Contracts, p. IV–2.*) "Manpower Administration policy calls for agreement between the evaluator and the proposer on program before evaluation and negotiation of price. Emphasis on the program factor does not minimize the importance of contractor responsibility or proposed price; rather, it stresses the criticality of program excellence to the overall success of the MA–5 program." (*Operating Manual for the Evaluation, Negotiation and Award of MA–5 Contracts, p. 65.*)

The time element referred to by the background report also misconstrues the amount of time the evaluator/negotiator is to spend on each proposal. Mindful of the time constraints on businessmen in the normal course of their business activity, and acknowledging the fact that the JOBS program is an adjunct to their main purpose, the handbook prescribes that prior to meeting with an employer face to face, a series of eight procedures be completed. They include an evaluation of the proposal and a verification of the job levels; a check of the company's eligibility through EEO compliance lists and financial soundness (Dun and Bradstreet check); obtaining additional information via the telephone, and preparation for negotiation with other staff members. (*Handbook for the JOBS Program, p. V–23.*) The emphasis is on prenegotiation preparation rather than discussions face to face.

Likewise, regarding the injunction that "few MA–6 proposals should be rejected out-of-hand as nonresponsive" the handbook continues:

"Only those which appear permanently impaired—for example, those from ineligible employers—should be summarily rejected. It is quite possible that the MA–6 program, as structured, will require considerable DOL effort to assist contractors in preparing acceptable proposals." (CF. *Handbook*, p. IV–.1)

Further discussion lists the other proposal disqualifying factors and states that any of the disqualifying factors must be repaired before further negotiations. (Cf. *Handbook*, p. V–10 et seq.) This is at considerable variance with the background report statement that "* * * the NAB/JOBS program creates a situation where contracts (which may involve up to several million dollars) may be granted with relatively little review" (p. 113).

Even though the training of Department staff is continually evolving, a closer and more thorough reading of the available instructional materials would have clearly indicated that a strenuous procedure of checks and rechecks have been instituted prior to any contract award. The background report (p. 16) does take some cognizance of the contracting procedure when it states, although this time with some implied criticism, "* * * that some Labor Department representatives, at least, are quite rigid on what they will or will not approve in JOBS contracts * * * " And, of course, this approval is necessary if a contract is to be executed.

Another point of possible misunderstanding is what the contract covers for repayment. Prior to the MA–6 (JOBS '70) contract series, Department of Labor negotiators would consider total dollar cost in relation to the job skill, the wages paid to the JOBS employee, and the presumed value of the supportive services to be provided in excess of what the employer would normally provide his other employees. There was little historical information to determine standard costs, for what is regarded as "normal" levels of costs could vary in each region of the country. In the restructuring of the latest contract format, however, a general body of information on cost bases was predicated and incorporated in the proposal package. The pricing guidelines were not set forth as norms, but rather maximums up to which a component price could be negotiated. The negotiations would now revolve around building a total contract cost on the individual elements of the training program. Exceptions in excess of the broad pricing guidelines would have to be approved by the Regional Manpower Administrator on a case-by-case basis.

The need for negotiations and questions on the cost of each of the program elements was reemphasized in the *JOBS '70 Announcement* (p. 11): "The cost guidelines are maximums and special care should be taken to see that they do not become the norm." Much of the background report dwells upon the extraordinary profits that might accrue to a contractor under the program. It nevertheless recognized that a serious, bona fide attempt to integrate those persons who might not have otherwise had the opportunity for a decent job, could cost an employer money (p. 17).

It might do at this point to determine exactly how much an employer might get under the current MA–6 contract program. Apart from the wages paid to an employee (which becomes relevant in the determination of the on-the-job training component), an employer, receiving the maximum costs allowable would receive no more than $1,055.50 for the supportive services provided. (See attachment 2.)

The balance of the contract cost is determined on the wage rate, with repayment for those times when an employee is clearly nonproductive. This would include the time spent in job related education, orientation and counseling. The on-the-job training cost is determined on a basis of 50 percent of the wage rate for the period estimated to train an unskilled person for a specific job. The time spent in on-the-job training is based on the skill code as determined by the complexity of the occupation as reflected by the Dictionary of Occupational Titles. It was assumed that going from being completely nonproductive to fully productive during the hands-on skill training would average

to a 50 percent productivity rate for the entire period. Thus the OJT cost element is not a wage subsidy but designed to offset the costs incurred during training while a full salary was being paid to the JOBS employee. Under many of the other training programs, a trainee may receive a training allowance, without regard to the wage potential of the occupation for which he has had training.

The statement found on page 110 of the background report is misleading for it appears that the total cost of the services could be in excess of $5,200. In point of fact, a contract under MA–6 would have to offer a disadvantaged person training for a skill code 10 (equivalent to becoming a tool and die maker) at a salary of $4 per hour for a period of 45 weeks, giving maximum and complete services, including child care assistance to have a contract price of $5213.

IV. CONCLUSION

We believe that this effort must be encouraged further, and we are pleased that the present administration has taken the necessary steps to improve the operation of this program. We hope that the suggestions offered in this report will further improve and refine the program.

Sincerely yours,

ARNOLD R. WEBER,
Assistant Secretary for Manpower.

ATTACHMENT NO. 1

JOBS TABLE I.—CHARACTERISTICS OF PERSONS HIRED THROUGH JOBS PROGRAM, U.S. SUMMARY, CUMULATIVE THROUGH FEB. 28, 1970 [1]

Characteristic	Total	Non-contract	Contract					
			Total	MA–2	MA–3	MA–4	MA–5	MA–6
Total number of persons hired [2]	169,161	113,049	56,112	1,239	32,195	17,449	5,083	146
Percent	100	67	33	2	57	31	9	0
Sex	100	100	100	100	100	100	100	100
Male	73	74	70	71	73	69	60	41
Female	27	26	30	29	27	31	40	59
Handicapped	2	2	2	1	1	2	1	5
Public assistance [3]	16	15	17	10	14	20	13	13
Age	100	100	100	100	100	100	100	100
Under 19	20	21	17	14	18	17	14	12
19 to 21	30	29	30	32	31	30	28	27
22 to 44	46	45	48	50	47	49	52	54
45 to 64	4	4	4	4	4	5	6	7
Over 64	0	0	0	0	0	0	0	0
Average years	(24.8)	(24.7)	(25.1)	(25.4)	(24.8)	(25.3)	(26.2)	(26.5)
Family size	100	100	100	100	100	100	100	100
Under 2	24	24	25	28	28	21	18	18
2 to 4	46	47	45	47	43	46	46	49
5 to 7	21	21	22	19	20	24	25	26
8 to 10	6	6	7	5	6	7	9	6
Over 10	2	2	2	1	2	2	2	1
Average	3.6	3.6	3.7	3.3	3.5	3.8	4.1	3.9
Family income	100	100	100	100	100	100	100	100
0 to $1,000	23	24	22	18	22	23	22	17
$1,001 to $2,000	26	24	28	20	29	28	28	28
$2,001 to $3,000	21	20	22	24	21	23	23	29
$3,001 to $4,000	15	16	15	17	15	14	15	18
Over $4,000	15	16	13	21	13	12	13	8
Average	2,432	2,496	2,367	2,842	2,384	2,325	2,347	2,228

See footnotes at end of table, p. 177.

ATTACHMENT NO. 1

JOBS TABLE 1.—CHARACTERISTICS OF PERSONS HIRED THROUGH JOBS PROGRAM, U.S. SUMMARY, CUMULATIVE THROUGH FEB. 28, 1970 [1]—Continued

Characteristic	Total	Non-contract	Contract					
			Total	MA-2	MA-3	MA-4	MA-5	MA-6
Years of education	100	100	100	100	100	100	100	100
Under 8	6	5	8	7	7	8	10	8
8	7	7	7	4	7	7	8	9
9 to 11	48	46	52	48	53	51	46	38
12	39	42	33	40	33	33	36	44
Over 12	1	1	0	0	0	1	0	1
Average years	(10.5)	(10.6)	(10.3)	(10.6)	(10.3)	(10.3)	(10.2)	(10.3)
Weeks unemployed last year	100	100	100	100	100	100	100	100
Under 5	25	29	20	16	22	18	20	15
5 to 14	21	21	20	25	20	21	19	23
15 to 26	19	17	22	20	21	22	25	26
27 to 52	35	33	37	39	37	39	36	37
Over 52	0	0	0	0	0	0	0	0
Average weeks	(21.5)	(20.4)	(23.0)	(23.7)	(22.6)	(23.6)	(22.8)	(24.4)
Race	100	100	100	100	100	100	100	100
White	21	23	16	7	13	20	23	36
Negro	73	70	77	73	80	75	71	52
American Indian	1	1	1	0	1	1	1	0
Oriental	1	0	1	0	1	0	2	1
Other	5	5	5	20	6	4	4	12
Spanish surname	9	9	12	22	10	14	8	16
Mexican-American	6	6	7	19	7	8	4	12
Puerto Rico	2	2	3	1	2	4	2	3
Other	1	1	2	2	1	2	2	1
Certification source	100	100	100	100	100	100	100	100
SES	40	19	73	38	77	66	80	86
CAA/CEP	13	7	22	58	18	30	14	7
Employer	43	69	2	3	2	2	1	7
Other	5	6	3	1	3	3	5	0

[1] Percent may not add to 100 due to rounding.
[2] Reflects number of hiring cards received and recorded.
[3] This data element was added to hiring cards in January 1969.

Note: Total responses for this item—37,149.

ATTACHMENT NO. II

Maximum allowable costs under MA-6

Job related education (JRE)—160 hours at $2 per hour	$320.00
Special counseling (personal and job coaching) 5 percent of hours for maximum 83½ hours at $3 per hour allowed for skill code 10+160 hours JRE	250.50
Orientation—40 hours at $2 per hour	80.00
Transportation assistance (maximum)	80.00
Child care assistance (generally restricted to jobs for women) (maximum)	150.00
Medical and dental service (maximum)	50.00
Supervisory and human relations training (for supervisory employees of employer) (maximum)	25.00
Administrative costs	100.00
Total	1,055.50

( )